



Rane Engine Valve Limited

42nd Annual Report 2014

Board of Directors

L GANESH
Chairman and Managing Director
HARISH LAKSHMAN
Vice Chairman
L LAKSHMAN
R JAGANNATH
ASHOK MALHOTRA
C N SRIVATSAN
R V RAGHAVAN
KRISHNA KUMAR SESHADRI

Audit Committee

C N SRIVATSAN - *Chairman*
ASHOK MALHOTRA
R JAGANNATH
L LAKSHMAN

Stakeholders' Relationship Committee

ASHOK MALHOTRA - *Chairman*
L GANESH
C N SRIVATSAN

President

S MOHAN

Chief Financial Officer

B SURESH KUMAR

Secretary

V SUBRAMANI

Statutory Auditors

BRAHMAYYA & CO.
Chartered Accountants,
48, Masilamani Road, Balaji Nagar,
Royapettah, Chennai 600 014.

Cost Auditors

JAYARAM & ASSOCIATES,
Cost Accountants,
10 (Old No. 8), Rajan Street,
T Nagar, Chennai 600 017.

Listing of Shares with

BSE Limited, Mumbai
National Stock Exchange of India Limited, Mumbai
The Madras Stock Exchange Limited, Chennai

Our Bankers

The Hongkong and Shanghai Banking Corporation Ltd.,
Chennai
Standard Chartered Bank, Chennai
HDFC Bank Ltd., Chennai
IDBI Bank Ltd., Chennai
YES Bank Ltd., Chennai

Registered Office

"MAITHRI", 132, Cathedral Road,
Chennai - 600 086.
Phone : (044) 28112472
Fax : (044) 28112449
E-Mail : investorservices@rane.co.in

Head Office

"Glendale", 5, Noble Street,
Post Box No. 1305,
Alandur, Chennai - 600 016, Tamil Nadu.

Plants

- 'Glendale', 5, Noble Street, Post Box No. 1305,
Alandur, Chennai - 600 016, Tamil Nadu.
- Plot Nos. 68 to 77, Industrial Estate,
Medchal - 501 401, R.R. District, Andhra Pradesh.
- Post Box No. 4, Redhills Road, Madhavaram,
Ponneri - 601 204, Tamil Nadu.
- Survey No. 177/20, Hyderabad-Vikarabad Road,
Aziz Nagar - 500 075, R.R. District,
Andhra Pradesh.
- Survey Nos. 109, 111 & 121, Seniapatti,
Kasavanur Village, Viralimalai Union - 621 316
Pudukottai District, Tamil Nadu.

Registrar and Transfer Agents

Integrated Enterprises (India) Limited
II Floor, "Kences Towers", No 1 Ramakrishna Street,
North Usman Road, T.Nagar, Chennai 600 017.
Phone: (044) 28140801, Fax: (044) 28142479
Email: corpserve@integratedindia.in

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Rane Engine Valve Limited

FINANCIAL HIGHLIGHTS

Key Performance Indicators

Financial Year	UOM*	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Return on Capital Employed (ROCE)	%	5.65	-4.55	12.57	13.11	7.86	6.91	7.30
Return on Networth (RONW)	%	-37.56	-12.83	21.33	12.54	5.31	2.78	3.06
Earnings per share	₹	(56.48)	(24.47)	40.32	20.97	8.35	4.29	4.70
Dividend	%	-	-	105	50	30	20	45
Book Value per share	₹	122.13	178.60	203.09	174.96	159.41	154.83	153.62

*Unit of Measurement

Operational Performance

₹ Crores

Financial Year	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Total Income	266.95	266.25	309.19	289.70	237.23	221.10	199.25
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	31.89	11.83	42.92	39.42	29.10	24.25	18.79
Profit Before Tax (PBT)	(43.56)	(18.92)	28.72	16.12	7.00	3.91	4.10
Profit After Tax (PAT)	(29.09)	(12.61)	20.77	10.80	4.30	2.21	2.42

Balance Sheet Summary**

₹ Crores

Financial Year	2013-14	2012-13	2011-12	2010-11
Equity Share Capital	5.15	5.15	5.15	5.15
Shareholders' Funds	62.91	92.00	104.61	90.12
Non Current Liabilities	80.51	66.45	56.27	55.89
Current Liabilities	106.35	92.63	101.66	88.00
Non Current Assets	168.86	167.04	159.50	141.98
Current Assets	80.91	84.04	103.04	92.03

**Pertains to revised Schedule VI applicable years only

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Forty Second Annual General Meeting (AGM)** of **Rane Engine Valve Limited** will be held at **10.15 a.m.** on **Thursday, July 24, 2014**, at **The Music Academy (Mini Hall)**, New No. 168, T.T.K Road, Royapettah, Chennai 600 014, to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Audited Financial Statement of the Company for the year ended March 31, 2014 and the Auditors' report thereon.

To consider adoption of the following resolution, as an **ordinary resolution**:

"Resolved that the audited financial statement of the Company for the year ended March 31, 2014 including balance sheet as at March 31, 2014, the profit and loss Account for the year ended March 31, 2014 together with the reports of the directors and the auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To appoint a director in the place of Mr. L Lakshman, who retires by rotation under Article 106 of the articles of association of the Company and being eligible offers himself for re-election.

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

"Resolved that Mr. L Lakshman (DIN 00012554), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company."

3. To appoint auditors of the Company and to determine their remuneration. The retiring auditors M/s. Brahmayya & Co., Chartered Accountants, are eligible for re-appointment. The declaration to the effect that their appointment, if made, would be within the limits and that they are free from any disqualification specified in section 141 of the Companies Act, 2013, and the rules made thereunder, has been received from them.

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

"Resolved that M/s Brahmayya & Co., Chartered Accountants (Registration No. 000511S with The Institute of Chartered Accountants of India), be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this forty second annual general meeting until the conclusion of the forty fifth annual general meeting (subject to ratification of the appointment by the members at every AGM held after this AGM) on such remuneration as may be determined by the board of directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS:

4. To appoint Mr. Ashok Malhotra, director, as an independent director

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

"Resolved that pursuant to the provisions of sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashok Malhotra (DIN 00029017), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of the forty second annual general meeting till the conclusion of forty fifth annual general meeting."

5. To appoint Mr. C N Srivatsan, director, as an independent director

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

"Resolved that pursuant to the provisions of sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013

Rane Engine Valve Limited

and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. C N Srivatsan (DIN 00002194), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of the forty second annual general meeting till the conclusion of forty fifth annual general meeting.”

6. To appoint Mr. R V Raghavan, director, as an independent director

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

“Resolved that pursuant to the provisions of sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. R V Raghavan (DIN 01754139), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of the forty second annual general meeting till the conclusion of forty fifth annual general meeting.”

7. To appoint Mr. Krishna Kumar Seshadri, director, as an independent director

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

“Resolved that pursuant to the provisions of sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Krishna Kumar Seshadri (DIN 00062582), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office

with effect from the conclusion of the forty second annual general meeting till the conclusion of forty fifth annual general meeting.”

8. Not to fill vacancy caused by vacation of office of director

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

“Resolved that the vacancy on the board of directors of the Company due to the retirement by rotation of Mr. R Jagannath (DIN 00029184), who does not seek re-election, be not filled.”

9. To re-appoint and fix remuneration of Mr. L Ganesh as managing director

To consider adoption of the following resolution, with or without modification(s), as an **ordinary resolution**:

“Resolved that pursuant to provisions of sections 2(51), 2(54), 2(78), 197, 198 and 203 read with schedule V and all other applicable provisions of the Companies Act, 2013 (“Act”) and such other approvals, permissions and sanctions, as may be required, the approval of the shareholders be and is hereby accorded for re-appointment of Mr. L Ganesh (DIN 00012583), Chairman as ‘Managing Director’ of the Company within the meaning of section 2(54) and 2(78) of the Act for a period of three years i.e. from April 1, 2014 to March 31, 2017, on a remuneration by way of commission as may be decided by the board for every financial year, upto a maximum of five percent (5%) of the net profits of the Company, calculated in accordance with the provisions of sections 197 and 198 of the Act.”

“Resolved further that the board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

10. To Approve the borrowing powers of the board

To consider adoption of the following resolution, with or without modification(s), as a **special resolution**:

“Resolved that in supersession of the ordinary resolution adopted at the thirty sixth annual general meeting held on July 23, 2008 and

pursuant to section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the board of directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the

Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business, shall not be in excess of ₹ 200 Crores (Rupees two hundred crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

(By Order of the Board)

For Rane Engine Valve Limited

May 20, 2014
Chennai

V Subramani
Secretary

Registered Office:
"Maithri", 132, Cathedral Road,
Chennai 600 086.
CIN: L74999TN1972PLC006127
website: www.rane.co.in
E-mail: investorservices@rane.co.in

Rane Engine Valve Limited

NOTES:

1. Any member entitled to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business as given in the notice is annexed.
4. The register of members of the Company will remain closed from **Saturday, July 19, 2014 to Thursday, July 24, 2014** (both days inclusive) for annual closing.
5. Pursuant to the provisions of section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2007 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the central government. The Company has sent reminders to all those members whose dividend payments during the last seven years remain unpaid as per Company records. Members are requested to contact the Company's Registrar and Transfer Agents (RTA), for payment in respect of the unclaimed dividend on or after the financial year 2006-07.
6. The notice of the forty second AGM along with the attendance slip and proxy form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) (DP) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode. We encourage your participation and request your support in this green initiative. To receive communications from the Company in electronic form, please register your e-mail address with your DP/ RTA.
7. Members may also note that the notice of the forty second AGM and the annual report 2014 will be available on the Company's website www.rane.co.in.
8. Members holding shares in physical form are requested to notify any change in their addresses, bank details or e-mail addresses to RTA immediately at the following address:

M/s. Integrated Enterprises (India) Limited
II Floor, "Kences Towers",
No.1, Ramakrishna Street,
North Usman Road, T. Nagar,
Chennai - 600 017.

Members holding shares in dematerialized form may inform the change in their addresses, bank details or e-mail addresses to their depository participants.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the RTA.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the RTA, for consolidation into a single folio.
11. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.rane.co.in.
12. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

13. Relevant documents referred to in the accompanying notice and the explanatory statement pursuant to section 102 (1) of the Companies Act, 2013 will be available for inspection at the registered office of the Company during the business hours on all working days up to the date of AGM.
 14. Information pursuant to clause 49 of the listing agreement with the stock exchanges in respect of the directors seeking appointment / re-appointment at the AGM are furnished and forms a part of the notice. The directors have furnished the requisite consents / declarations for their appointment / re-appointment.
 15. In compliance with the provisions of section 108 of the Companies Act, 2013 and the Rules framed thereunder, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all resolutions set forth in this notice. In the event of poll at the AGM, members who have exercised their right to vote through e-voting, shall not be eligible to vote again at the meeting.
- iv. The scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the chairman of the Company.
 - v. The results declared along with the scrutinizer's report shall be placed on the Company's website www.rane.co.in and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the forty second AGM of the Company and communicated to the stock exchanges, where the shares of the Company are listed.

vi. Instructions :

a. In case a member receives an e-mail from NSDL (for members whose e-mail addresses are registered with the Company/ Depositories):

- i. Open the e-mail and also open PDF file viz. "REVLAGM2014.pdf" with your Client ID or Folio Number as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is the initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com/>
 - iii. Click on Shareholder - Login
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password change menu will appear on your screen. Change to a new password of your choice with minimum of 8 digits or characters or combination
- Members may note the following process and manner for e-voting:
- i. The e-voting period commences on Friday, July 18, 2014 (9.00 a.m. IST) and ends on Sunday, July 20, 2014 (6.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date viz., June 20, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
 - ii. The voting rights of members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, June 20, 2014.
 - iii. Mr. Balu Sridhar, practicing company secretary (Membership No. FCS 5869) has been appointed as the scrutinizer to scrutinize the voting process in a fair and transparent manner.

thereof. Note your new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential

- vii. Once the e-voting home page opens, click on e-Voting: Active Voting Cycles
- viii. Select "EVEN" (E-Voting Event Number) of Rane Engine Valve Limited.

Now you are ready for e-Voting as Cast Vote page opens.

- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant board resolution/ authority letter etc. together with attested specimen signature of the duly authorized

signatory(ies) who are authorized to vote, to the scrutinizer through e-mail to evoting@akjainassociates.com with a copy marked to evoting@nsdl.co.in.

- xiii. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for shareholders available at the downloads section of www.e-voting.nsdl.com

b. In case of members' receiving physical copy of the notice of AGM and desires to cast e-vote:

- i. Initial password is provided at the bottom of the Attendance Slip : EVEN (E-Voting Event Number), user ID and password
- ii. Please follow all steps from Sl. No. ii to Sl. No. xiii of (a) above, to cast vote

(By Order of the Board)

For Rane Engine Valve Limited

May 20, 2014
Chennai

V Subramani
Secretary

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

Resolution No. 4

Mr. Ashok Malhotra joined the board of your Company on February 6, 2008. The period of his office as a director is subject to retirement by rotation under the applicable provisions of Companies Act 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the board proposes to appoint Mr. Ashok Malhotra as an independent director for a period of three years commencing from the conclusion of the forty second AGM till the conclusion of the forty fifth AGM.

Mr. Ashok Malhotra holds P.G. Diploma in Business Administration from IIM Ahmedabad and has over 42 years of experience in the field of management consultancy. He has been a faculty member of Administrative Staff College of India. He was heading HR at Indian Oxygen and Balmer Lawrie and was Chairman of the Indian Society for Individual and Social Development and Ma Foi Management Consultants Ltd. He is also a founding partner of Sumedhas - Academy for Human Context.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. Ashok Malhotra on the board will be beneficial to the Company. Mr. Ashok Malhotra is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director. The Company has received a declaration from Mr. Ashok Malhotra that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the listing agreement.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

In the opinion of the board, Mr. Ashok Malhotra fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. Ashok Malhotra is independent of the management.

Copy of the draft letter for appointment of Mr. Ashok Malhotra as an independent director setting out the terms

and conditions is available for inspection by members at the registered office of the Company.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. Ashok Malhotra is interested in the resolution as it relates to his own appointment. None of the other directors and Key Managerial Personnel (KMP) of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. Ashok Malhotra, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 5

Mr. C N Srivatsan joined the board of your Company on July 22, 2009. The period of his office as a director is subject to retirement by rotation under the applicable provisions of Companies Act 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the board proposes to appoint Mr. C N Srivatsan as an independent director for a period of three years commencing from the conclusion of the forty second AGM till the conclusion of the forty fifth AGM.

Mr. C N Srivatsan is a Chartered Accountant and a Certified Information Systems Auditor (CISA) with over 30 years of diverse experience in handling Indian and overseas assignments. He was a member of Information Technology Control Practices Committee of ISACA. He has addressed innumerable seminars and is a regular faculty for training corporate heads in internal auditing, risk assessment and risk management.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. C N Srivatsan on the board will be beneficial to the Company. Mr. C N Srivatsan is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director. The Company has received a declaration from Mr. C N Srivatsan that he meets with the criteria of independence as prescribed both under sub-section (6)

of Section 149 of the Companies Act, 2013 and under Clause 49 of the listing agreement.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

In the opinion of the board, Mr. C N Srivatsan fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. C N Srivatsan is independent of the management.

Copy of the draft letter for appointment of Mr. C N Srivatsan as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. C N Srivatsan is interested in the resolution as it relates to his own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. C N Srivatsan, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 6

Mr. R V Raghavan joined the board of your Company on January 20, 2010. The period of his office as a director is subject to retirement by rotation under the applicable provisions of Companies Act 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the board proposes to appoint Mr. R V Raghavan as an independent director for a period of three years commencing from the conclusion of the forty second AGM till the conclusion of the forty fifth AGM.

Mr. R V Raghavan is a Chartered Accountant and a specialist in the design and implementation of Management Information Systems with over 34 years of

varied experience at senior levels in reputed companies in India and overseas. He is a fellow member of Institute of Chartered Accountants of England & Wales and an alumnus of the Harvard Business School with a wide ranging experience in cross border joint ventures, management of human resources and turnaround of operations.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. R V Raghavan on the board will be beneficial to the Company. Mr. R V Raghavan is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director. The Company has received a declaration from Mr. R V Raghavan that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the listing agreement.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

In the opinion of the board, Mr. R V Raghavan fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. R V Raghavan is independent of the management.

Copy of the draft letter for appointment of Mr. R V Raghavan as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. R V Raghavan is interested in the resolution as it relates to his own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. R V Raghavan, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 7

Mr. Krishna Kumar Seshadri joined the board of your Company on October 19, 2012. The period of his office as a director is subject to retirement by rotation under the applicable provisions of Companies Act 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the board proposes to appoint Mr. Krishna Kumar Seshadri as an independent director for a period of three years commencing from the conclusion of the forty second AGM till the conclusion of the forty fifth AGM.

Mr. Krishna Kumar Seshadri is a Master of Engineering from Indian Institute of Science, Bangalore and has done Diploma in Business Management from Indian Institute of Management, Ahmedabad. He started his career in 1969 as design engineer at Tata Motors Ltd. and moved to an automobile component Company as head of operations. Since then he has held number of senior positions and served as director on the boards of few companies including Rane group. He has vast experience of 38 years in the management of auto ancillary companies. Mr. Krishna Kumar Seshadri is presently an independent consultant and an Executive Coach accredited to Business Coaching Foundation of India.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. Krishna Kumar Seshadri on the board will be beneficial to the Company. Mr. Krishna Kumar Seshadri is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director. The Company has received a declaration from Mr. Krishna Kumar Seshadri that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the listing agreement.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

In the opinion of the board, Mr. Krishna Kumar Seshadri fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. Krishna Kumar Seshadri is independent of the management.

Copy of the draft letter for appointment of Mr. Krishna Kumar Seshadri as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. Krishna Kumar Seshadri is interested in the resolution as it relates to his own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. Krishna Kumar Seshadri, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 8

Mr. R Jagannath, joined the board of your Company on February 06, 2008. In terms of his earlier appointment as director under Companies Act, 1956, he retires by rotation at this AGM. Mr. R Jagannath does not seek re-appointment as director at the meeting. The board appreciated the valuable services of Mr. R Jagannath to the Company during his tenure as director. The board has decided not to fill-up the vacancy caused by the retirement of Mr. R Jagannath at the ensuing AGM.

None of the directors and other KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Resolution No. 9

The shareholders of the Company at the Annual General Meeting (AGM) held on July 20, 2011 reappointed Mr. L Ganesh, Chairman as Managing Director for a period of three years with effect from April 1, 2011 and determined the remuneration by way of commission as may be decided by the board for every financial year, upto a maximum of five percent (5%) of the net profits of the Company, calculated in accordance with the provisions of then Sections 198, 349 and 350 of the Companies Act, 1956.

As the tenure of appointment of Mr. L Ganesh as Managing Director ended on March 31, 2014, the board has re-appointed Mr. L Ganesh as 'Managing Director' for a further term of three years with effect from April 1, 2014, on a remuneration by way of Commission as may be decided by the Board for every financial year, upto a maximum of five percent (5%) of the net profits of the Company, calculated in accordance with the provisions of Sections 197 and 198 of the Companies Act, 2013. The abstracts containing re-appointment and terms of remuneration to the Managing Director as required under section 302 of the Companies Act, 1956 was sent to the shareholders.

Mr. L Ganesh is interested in the resolution as it relates to his own appointment and Mr. L Lakshman being a relative of Mr. L Ganesh may be deemed to be interested in the resolution. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Your directors commend the resolution for adoption.

Resolution No. 10

The shareholders of the Company at their thirty sixth AGM held on July 23, 2008 approved by way of an ordinary resolution under section 293(1)(d) of the Companies Act, 1956 borrowings which shall not be in excess of ₹ 200 Crores.

Section 180(1)(c) of the Companies Act, 2013 which is effective from September 12, 2013 requires that the board

of directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

Ministry of Corporate Affairs through the Circular No.04/2014 dated March 25, 2014 clarified that the resolution passed under section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings and / or creation of security on assets of the Company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year (i.e. 11.09.2014) from the date of notification of section 180 of the Companies Act, 2013.

Therefore, it is proposed to seek approval of members by way of special resolution under Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, to enable the board of directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of shareholders is being sought to borrow upto ₹ 200 crores over and above the aggregate of the paid up share capital and free reserves of the Company.

None of the directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Your directors commend the resolutions for adoption.

(By Order of the Board)

For **Rane Engine Valve Limited**

May 20, 2014
Chennai

V Subramani
Secretary

Rane Engine Valve Limited

Information about director seeking appointment / re-appointment in this annual general meeting in respect of item Nos. 2, 4, 5, 6 & 7 above (in accordance with clause 49 IV of the Listing Agreement)

Name of the Director	Mr. L Lakshman	Mr. C N Srivatsan	Mr. Ashok Malhotra	Mr. R V Raghavan	Mr. Krishna Kumar Seshadri
Father's Name	Mr. L L Narayan	Mr. C R Natarajan	Mr. K C Kaifi	Mr. Gopala Ramabadrnan	Mr. Seshadri Pudugramam Krishnaiyer
Date of Birth	July 17, 1946	May 25, 1957	October 9, 1949	April 4, 1942	May 10, 1946
Educational Qualifications	B.E., Executive MBA from London Business School	C.A., C.I.S.A.	B.A, P.G. Diploma – Business Administration – IIM Ahmedabad	B.Com, FCA (England & Wales), Advanced Management Program, Harvard Business School	Master of Engineering, Indian Institute of Science, Bangalore Diploma in Business Management IIM, Ahmedabad
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 43 years of industrial experience	Mr. C.N. Srivatsan has 30 years of diverse experience in handling Indian and overseas assignments. He has addressed innumerable seminars and is a regular faculty for training corporate heads in Internal Audit, Risk Assessment and Risk Management.	Mr. Ashok Malhotra has over 42 years of experience as teacher, consultant and practitioner of management.	Mr. R V Raghavan has wide range of experience in Cross border joint ventures, management of human resources and the turnaround of operations. He is a fellow member of Institute of Chartered Accountants of England & Wales and an alumnus of the Harvard Business School.	Mr. Krishna Kumar has over 38 years of industrial experience in the management of auto ancillary companies. He is presently an independent consultant and an executive coach accredited to Business Coaching Foundation of India.
Date of Appointment	June 25, 1997	July 22, 2009	February 6, 2008	January 20, 2010	October 19, 2012
Other Directorships	Rane Holdings Ltd Rane Brake Lining Ltd Rane (Madras) Ltd Rane Engine Valve Ltd Rane TRW Steering Systems Ltd Rane NSK Steering Systems Ltd Kar Mobiles Ltd JMA Rane Marketing Ltd Force Motors Ltd DCM Engineering Ltd SRF Ltd	Precot Meridian Ltd Kar Mobiles Ltd	Etrans Solutions Pvt Ltd	TRF Ltd	Kar Mobiles Limited
Committee Memberships	Chairman – Audit Committee Rane TRW Steering Systems Limited Rane NSK Steering Systems Limited Member – Audit Committee Kar Mobiles Limited Rane Engine Valve Limited Rane (Madras) Limited SRF Limited DCM Engineering Limited Chairman - Stakeholder's Relationship Committee Rane (Madras) Limited Member - Nomination and Remuneration Committee Rane (Madras) Limited	Chairman – Audit Committee Rane Engine Valve Limited Kar Mobiles Limited Chairman - Nomination and Remuneration Committee Kar Mobiles Limited Member - Nomination and Remuneration Committee Rane Engine Valve Limited Member – Audit Committee Precot Meridian Limited Member – Stakeholder's Relationship Committee Rane Engine Valve Limited	Member – Audit Committee Rane Engine Valve Ltd Chairman – Nomination & Remuneration Committee Rane Engine Valve Ltd Chairman – Stakeholder's Relationship Committee Rane Engine Valve Ltd	Member – Audit Committee TRF Ltd Chairman - Nomination and Remuneration Committee TRF Ltd	Member - Corporate Social Responsibility Committee Rane Engine Valve Limited Kar Mobiles Limited
Number of shares held	50	NIL	NIL	NIL	NIL

(By Order of the Board)
For Rane Engine Valve Limited

May 20, 2014
Chennai

V Subramani
Secretary

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their forty second annual report together with the accounts for the year ended March 31, 2014. In terms of the clarification issued by the Ministry of Corporate Affairs (MCA) vide General Circular 08/ 2014 dated 04.04.2014 the financial statements and the directors report have been prepared in accordance with the disclosure requirements under the Companies Act, 1956 and the rules made thereunder.

1. Financial Performance:

The financial highlights for the year under review are as follows :

(₹ in Crores)

Particulars	2013 - 2014	2012 - 2013
Sales and Operating Revenues	265.92	262.76
Other Income	1.03	3.49
Profit before tax	(43.56)	(18.92)
Provision for tax	(14.47)	(6.31)
Profit after tax	(29.09)	(12.61)
Surplus brought forward	13.66	26.27
Amount available for appropriation	(15.43)	13.66

The net sales and operating revenue of the Company was at ₹ 265.92 crores as against ₹ 262.76 crores in the previous year. The sales increase was mainly due to higher realisation. The Company incurred a net loss of ₹ 43.56 crores as against loss of ₹ 18.92 crores in the previous year. The major reason for the loss is owing to exceptional item - Voluntary Retirement Scheme (VRS) expenses pertaining to the employees in Alandur plant.

2. Appropriation

Considering the loss and the necessity to conserve cash for the near term, your directors have not recommended any dividend for the year 2013-14.

3. Management Discussion and Analysis

Your Company is engaged in the manufacturing and marketing of components for transportation industry engine valves, valve guide, tappet, pistons, seat inserts and stem seals. A detailed analysis on the performance of the industry and the Company are enumerated in the Management Discussion and

Analysis report forming part of this report and annexed as Annexure 'A'.

4. Board of Directors

At the ensuing Annual General Meeting (AGM), Mr. L Lakshman retires by rotation and being eligible, offer himself for re-appointment. The notice convening the AGM includes the proposal for his re-appointment as director.

Mr. Ashok Malhotra, Mr. C N Srivatsan, Mr. R V Raghavan, Mr. R Jagannath and Mr. Krishna Kumar Seshadri, independent directors on the Board, hold the office of director liable to retire by rotation, as per the resolution passed by the shareholders under the provisions of Companies Act 1956.

In terms of Section 149 of the Companies Act, 2013, the independent directors are not liable to retire by rotation and can hold office for a consecutive tenure of five years. In order to comply with these provisions of Companies Act, 2013, we propose Mr. Ashok Malhotra, Mr. C N Srivatsan, Mr. R V Raghavan and Mr. Krishna Kumar Seshadri, independent directors retire at the ensuing AGM in terms of their earlier appointment and re-appoint them as independent directors for a period of three consecutive years, as required under the Companies Act, 2013. These independent directors have affirmed that they satisfy the criteria laid down under section 149 of the Companies Act, 2013 and clause 49 of the listing agreement. Mr. R Jagannath, an independent director has expressed his intent not to seek re-election as a Director in the forthcoming AGM.

5. Amalgamation of Kar Mobiles Limited with the Company

Kar Mobiles Limited (KML) based in Karnataka is engaged in manufacturing of engine valves for internal combustion engines and caters to the automotive, marine and stationary engines in both, export and domestic markets. KML is an associate company of Rane Holdings Ltd, the holding company of your company.

The Board of Directors of your company, at its meeting held on May 20, 2014 has considered amalgamation of KML with the company with a view to develop the potential for further growth and expansion of businesses and to have better

REPORT OF THE DIRECTORS (contd.)

synergies, optimization of resources and fund raising capabilities. The significant benefits expected as a result of the amalgamation are as follows:

- **Business Synergy:** Consolidation of business operations and significant impetus to growth since KML is also engaged in the similar areas of business.
- **Optimal utilization of resources:** Enhancement of the scale of operations and reduction in overheads, administrative, managerial and other expenditure, operational rationalization, sharing of technology, organizational efficiency, and optimal utilization of various resources.
- **Enhancement in Shareholder Value:** Improvement in shareholder value for both the companies by way of improved financial structure and cash flows, increased asset base and stronger consolidated revenue and profitability.
- **Expansion:** Enhancing the leveraging capability of the combined entity for larger expansion strategies and tapping bigger opportunities in the automotive industry.
- **Consolidation of expertise:** Consolidation of managerial expertise of the Companies will facilitate greater focus and utilization of resources.

Based on the valuation carried out by the Independent Chartered Accountants, the Board has approved the exchange ratio of 7 equity shares of the Company for every 10 equity shares of KML, as consideration for the amalgamation.

The appointed date for the amalgamation is April 1, 2014 and is subject to regulatory, legal and other statutory approvals as may be required.

6. Fixed Deposits

The deposits outstanding as on March 31, 2014 amounted to ₹ 8.52 crores. All deposits that matured during the year were repaid / renewed except for a sum of ₹ 45,000 for which claims have not been lodged with your Company.

7. Conservation of Energy

Energy saving projects taken up from the projects identified through energy audit, resulting in the reduction of specific energy consumption. Focus given on renewable energy augmentation, added additional windmill capacity and reduced energy cost

through optimum energy mix viz, wind energy, third party, EB and captive power. Projects identified for improving energy efficiency by focusing individually on fixed load and variable load. Improvement in energy efficiency improved by providing lighting load optimizer, T5 lamp fittings and LED lamp fittings. Usage of natural day light in the shop floor to save energy. Planned to provide energy efficient HVLS fans in the shop floor to save 80% load from conventional man coolers.

8. Research and Development Activities

Disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in Form B are furnished in Annexure 'B'.

9. Foreign Exchange Earnings and Outgo

Strategic initiatives were undertaken to increase export business in terms of customers, product and geographical location by identifying new business opportunities.

Foreign exchange earned during 2013-14 was ₹ 78.46 crores against foreign exchange outgo of ₹ 17.93 crores. Your company continued to remain a substantial net foreign exchange earner with the foreign exchange earned being 4 times higher than the outgo.

10. Employees

The particulars of employees for whom the particulars, as per section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 are given in Annexure 'C'.

11. Auditors**Statutory Auditors**

The Company is required to rotate the statutory auditor as it satisfies the criteria under Section 139(2) of the Companies Act, 2013 for mandatory rotation of auditors. The Company's auditors M/s. Brahmayya & Co., Chartered Accountants, retire at the ensuing AGM and are eligible for re-appointment.

The Board of Directors has re-appointed M/s Brahmayya & Co., as Statutory Auditors of the Company for a period of three years from the

REPORT OF THE DIRECTORS (contd.)

conclusion of the ensuing forty second AGM until the conclusion of the forty fifth AGM subject to ratification by the shareholders at every AGM.

The declaration to the effect that their appointment, if made, would be within the limits and that they are free from any disqualification specified in section 141 of the Companies Act, 2013 and the rules made thereunder, has been received from them.

The notice of the ensuing AGM contains necessary resolution in this regard. Members may consider appointing M/s Brahmayya & Co. as statutory auditors of the Company as per the provisions of the Companies Act, 2013.

Cost Auditors

Pursuant to the Cost Audit Orders issued by the MCA under section 233B of the Companies Act, 1956, the cost audit report for the financial year 2012-13 was filed with the MCA on September 03, 2013 which is within the due date viz. September 27, 2013.

The Board has appointed M/s. Jayaram & Associates, Cost Accountants, Chennai, to carry out the cost audit of the Company for the financial year 2013-14. The Company would be filing the cost audit report for the financial year ended March 31, 2014 before the due date viz. September 30, 2014 or such other date extended by the MCA.

In terms of section 148 of the Companies Act, 2013, the Board has re-appointed M/s. Jayaram & Associates, as cost auditors for the financial year 2014-15 based on the recommendation of the Audit Committee subject to the rules to be prescribed thereunder by the MCA.

12. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, and based on representations received from the operating management, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts for the financial year 2013-14 and there are no material departures;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of

affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

13. Corporate Social Responsibility (CSR)

The vision on Corporate Social Responsibility (CSR) is, "To be a socially and environmentally responsible organization committed to improve quality of life within and outside". The objective of our CSR activities is to socially sensitize the employees of the Company so as to build an environment of care and concern.

As a responsible corporate citizen, the company undertakes philanthropic activities to express our concern and care towards society.

Some of the CSR initiatives undertaken by our company in 2013-14 were as follows:

- ★ Distribution of sports items to deserving students at Kodumbalur School, Trichy.
- ★ Participation in the Eureka Marathon Run at Trichy to demonstrate our responsibility in inculcating the need of education among children.
- ★ Supply of footwear to deprived students at Seniapatti School, Trichy.
- ★ Employees at Trichy collected used cloths and sent it to cyclone victims of north India.
- ★ Installation of sign boards on safety aiming to reduce frequent accidents happening on the highway.
- ★ Members of the REVL family have demonstrated in building an environment of care and concern by way of blood donation camp in co-ordination with Red Cross Society, Hyderabad. About 60 employees had donated blood.
- ★ Sensitized employees about global warming and the need for plantation of trees in co-ordination

REPORT OF THE DIRECTORS (contd.)

with Medchal Industrial Welfare Association by planting saplings in around the Medchal Industrial Estate, Hyderabad.

- ★ Deprived old aged people were given care by our employees. Some of their basic needs were identified and met by our employees of Medchal.
- ★ Our employees, during joy of giving week, collected many items right from used clothes, footwear, utensils and donated to the needy orphans in local village at Medchal.

Our CSR initiative is a journey and not a destination as ever.

Corporate Social Responsibility Committee (CSR Committee)

Pursuant to the provisions of section 135 of the Companies Act, 2013 read with Schedule VII to the Companies Act, 2013 and the rules notified

thereunder, the Board at its meeting held on March 24, 2014 constituted CSR committee comprising of Mr. L Ganesh, chairman, Mr. L Lakshman, director and Mr. Krishna Kumar Seshadri, independent director.

The Board at its meeting held on May 20, 2014 reviewed the CSR policy recommended by the CSR Committee and adopted the same in line with the provisions of section 135 and the rules made thereunder. The CSR policy of the Company is being posted on the Company's website www.rane.co.in.

14. Corporate Governance Report

Your Company has complied with the corporate governance requirements as stipulated under clause 49 of the listing agreement. Detailed report on the compliance and a certificate by the statutory auditors forms part of this report as Annexure 'D'.

For and on behalf of the Board

Chennai
May 20, 2014

HARISH LAKSHMAN
Vice-Chairman

L GANESH
Chairman & Managing Director

Annexure - A to Report of the Directors

Management Discussion and Analysis

Overview:

The Company is a manufacturer of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors and two/three wheelers. The Company operates in single reportable business segment viz. components for internal combustion engine industry applicable for stationary and transportation industry.

Industry Structure, Developments & Performance

During the financial year 2013-14, the domestic industry witnessed negative growth in all segments except in Farm Tractors and Two Wheelers.

INDUSTRY GROWTH

During the year under review the growth in the domestic automotive industry is given below:-

Volume Growth in % over previous year

Vehicles	2013-14	2012-13
Passenger Cars	-5	-4
Utility Vehicles	-1	52
Small Commercial Vehicles	-25	-17
Light Commercial Vehicles	-4	25
Medium & Heavy Commercial Vehicles	-21	-28
Three Wheelers	-1	-4
Two Wheelers	7	2
Farm Tractors	27	-1

Source: Society of Indian Automobile Manufacturers

The break-up of sales and growth by Market Segment for the company is given below.

(₹ in crores)

Market	2013-14	2012-13	Growth in %
OEM	148.95	155.26	-4%
Aftermarket	28.98	30.42	-5%
Exports	81.21	68.97	18%
Total	259.14	254.65	2%

Domestic Market

Political uncertainties and high interest rates added with lack of positive market sentiments slowed growth during the year 2013-14.

OEM & Aftermarket

In line with the industry performance, the Company had a negative growth both in the OEM and Aftermarket segments in India.

Exports

The total export turnover of the Company was ₹ 81.21 crores, which was 18% higher than the previous year.

The break-up of sales and growth by products for the company is given below:

(₹ in crores)

Product Lines	2013-14	2012-13	Growth in %
Automotive engines	233.31	231.03	1%
Other engines	25.83	23.62	9%
Total	259.14	254.65	2%

Operational and Financial Performance

Financial Review:

The net sales of the Company was at ₹ 259.14 crores, which was higher by 2% when compared to the previous year. The sales from new products generated revenue of ₹ 20.24 crores.

The Company made an operating loss (before exceptional items) of ₹ 3.29 crores compared to an operating loss (before exceptional items) of ₹ 18.84 crores last year. However for the current year the total loss before tax is ₹ 43.56 crores. This is on account of a major Voluntary Retirement Scheme (VRS) scheme implemented for all unionized employees of its Alandur Plant. This VRS is the first step towards rationalization of facilities across the Company to become more cost efficient. The Company continues to focus on operational efficiencies and achieved a turnaround and operational profits in the last quarter of the current year.

Management Discussion and Analysis (contd.)

Operations and Manufacturing Review:

The Company has invested in R&D and will continue to do so to develop design and validation capability. The Company developed valves for Euro 6 application and CNG for European customers. Euro 6 engines demand high temperature resistance valve materials and the company has developed cost effective high performance valves. Further, with proliferation of CNG application in engines in India, the Company has developed and launched products suitable for CNG requirements. This necessitates a greater R&D capability to address better wear and tear characteristics, as CNG is a corrosive fuel. In tappets, the Company has successfully developed prototypes for forged tappets, more specifically using thin walled section, which is finding favour with the global trend of "light weighting" requirements.

Your Company has launched the following New Products - piston kits for Two Wheelers and Three Wheelers, stem seals and valve seat inserts for aftermarket.

Besides VRS in Alandur Plant, some of the key measures of cost management focussed on power cost and productivity as given below:

Two pronged approach was followed to manage the power cost impact –

- Focus on consumption reduction.
- Focus on power mix (like EB, DG, Windmill, Private Power)

The Company installed 900KW windmill for catering to Tamil Nadu plants in addition to the existing 1530 KW. This has improved wind energy consumption from 13% last year to 60% this year. With the result, overall power cost has reduced by 15%.

The Company is embarking on Lean Production Systems (LPS) in order to reduce / eliminate wastages in the system, resulting in enhanced equipment and manpower productivity and consequently cost efficiency. The Company was able to bring down the raw material cost through yield improvement, localization and alternate sourcing initiatives.

The quality awards won by the Company include–

- Best Kaizen Award from one of our major customer Ashok Leyland
- Best Kaizen Award from ACMA southern region

Outlook

The Company remains cautiously optimistic about the growth of the automotive industry. It is expected that there will be a gradual pick up in momentum in market growth subject to a good government getting elected.

Opportunities & Threats

Given the stability of the new government and hoping for good governance, the growth of Indian economy could be back on track to 7 - 8% levels. This could mean recovery and growth in Automobile industry. If the infrastructure issues like power, roads and ports are addressed and some flexibility in employment is enabled through labour reforms, exports could open up larger opportunities.

While the strengths / competitive advantage of the Company is essentially in market leadership and brand equity, the Company is focusing on enhancing its technology base, product range and process technologies to leverage it with key customers to become a preferred development partner. Towards this, a technology road map has been prepared and the Company is in the process of upgrading and expanding its R&D infrastructure into a comprehensive R&D centre which will include design, testing and validation facilities.

The Company's strength continues in areas of:-

- Market Leadership
- Brand Equity
- Human Resources
- Total Quality Management (TQM)
- Core design capability
- Co-designing of valves with the customer
- Ability to scale up operations
- Product design capability - ability to propose alternate design to customers
- In-house machine building capability - ability to build customized equipment

The main threats to which auto component industry is exposed to are:-

- Unceasing cost reduction demand from OEMs from whom the major portion of the future growth is likely to come
- Spiralling commodity prices affecting the input costs structure

Management Discussion and Analysis (contd.)

- Obsolesce of CI guides, chill cast iron tappets (PC)
- Dumping from China
- Entry of ASEAN & Korean suppliers (FTA Agreement)
- Global valve manufacturers setting up operations in India
- Apprehension about weak economic expansion in the developed countries
- OEMs aggressively focusing on spares impacting aftermarket business

Internal Control Systems and Risk Management

The Company continues to outsource the internal audit function to a professional firm of independent assurance service providers. The Audit Committee and the Board in consultation with the internal auditor, statutory auditor and operating management approve annual internal audit plan. The findings of the internal auditors in their quarterly audit are placed before the Audit Committee at each of its quarterly meeting for review. The response of the operating management and counter measures proposed are discussed in the Audit Committee meetings. This process ensures robustness of internal control systems and compliance with laws and regulations including resource utilization and system efficacy.

The risks associated with each of the business processes and the sub-processes are reviewed periodically by the Audit Committee. The risks are broadly classified into strategic risks, operational risks, financial risks and statutory compliance risks. These risks are rated based on factors such as past year experience, probability of occurrence, probability of non-detection and its impact on business. Every quarter the top management reviews the strategic risks, the risks with high probability and high impact and presents its report to the Board of Directors together with the risk mitigation plan on half-yearly basis.

The strategic risks are taken into consideration in the annual planning processes. Other risks are covered as part of internal audit process and presented to the Audit Committee every quarter. The risk ratings are revalidated with the top management as part of the internal audit process every quarter. The overall re-assessment of risks at company level is carried out and presented to the Board once in two years for their review.

Human Resource Development and Industrial Relations

We continued our journey based on the employer brand promise in terms of capability building and employee engagement. The CFTs formed for innovation and product development came out with certain new products, which were launched during March 2014.

We have launched a new initiative in our Hyderabad plants in creating awareness among employees on the need to bounce back to be more competitive. Large Scale Interactive Process (LSIP), as it is called has accordingly been initiated involving more than 100 employees and feedback of customers as well as shareholders were exchanged. Certain key objectives were finalised under the theme “Break the Barriers to Bounce Back (B4)” to realize the objectives.

The Industrial Relations were cordial in the plants.

As at the end of March 31, 2014, the total number of employees stood at 988 against 1392 as on March 31, 2013.

Cautionary Statement

The information and opinion expressed in this report may contain certain forward looking statements, which the management believe are true to the best of its knowledge at the time of its preparation. Actual results may differ materially from those either expressed or implied in this report.

Annexure - B to Report of the Directors

FORM B

Disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2014.

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company:

REVL has laid down a technology road map in line with the vision to be a solution provider. In the process, we have re-established the R&D Infrastructure with engine testing, rig testing and material test laboratory to meet customer demands and be ahead in product / process technology. Focused R & D areas are light weight propositions, friction and wear reduction.

2. Benefits derived as a result of R & D and future plan of action:

Future business prospects by becoming preferred solution provider to prestigious customers.

Proactively design and develop products to meet the future emission norms, increase power and fuel efficiency.

3. Expenditure on R & D

(₹ Crores)

	Particulars	2013-14	2012-13
A	Capital Expenditure	0.25	0.01
B	Recurring	0.72	0.71
C	Total	0.97	0.72
D	Total R & D expenses as a percentage of total turnover	0.37%	0.28%

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief

The company has a strong technology base and actions had been initiated to absorb advanced technology in valves in consultation with experts in the field. On process technology, the Company is pursuing with advanced welding technologies and low cost automation.

2. Benefits derived as a result of the above efforts:

Future business prospects by becoming preferred solution provider to prestigious customers.

Proactively design and develop products to meet the future emission norms, increase power and fuel efficiency.

3. (a) Technology Imported (Technology imported during last 5 years reckoned from the beginning of the financial year)

: Nil

(b) Year of Import

: Not applicable

(c) Has the technology been fully absorbed

: Not applicable

(d) Areas where technology not fully absorbed Reason and future plan of action

: Not applicable

For and on behalf of the Board

Chennai
May 20, 2014

HARISH LAKSHMAN
Vice-Chairman

L GANESH
Chairman & Managing Director

Annexure - C to Report of the Directors

Particulars as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and as provided under General Circular 08/2014 dated 04.04.2014 issued by Ministry of Corporate Affairs, annexed to and forming part of the Directors' Report for the year ended March 31, 2014.

Sl. No	Name	Age	Designation / Nature of Duties	Date of Commencement of Employment	Remuneration (₹)	Qualification	Experience (Years)	Particulars of Last Employment
1.	S Mohan	49	President	01.06.2012	62,32,154	B.E. (Mech.), M.B.A.	27	Rane TRW Steering Systems Ltd.

Notes:

1. Remuneration as shown above includes salary, house rent and other allowances, contribution to provident and other funds and perquisites evaluated as per Income Tax Rules.
2. The service of Mr. S Mohan is contractual in nature.
3. Mr. S Mohan is not related to any director.
4. No employee of the Company is covered by the provision of section 217(2A) (a) (iii) of the Companies Act, 1956.

Annexure – ‘D’ to Report of the Directors

CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

Rane Group's time tested philosophy of Governance is based on principles of integrity, transparency and fairness. The Rane businesses seek enhancement to shareholder value within this framework. Employee behaviour is nourished by this culture and is governed through a policy document "Ethical Standards of Behaviour - RANE COMPASS" that regulates employees and directors.

Our belief in good corporate citizenship drives internal processes towards statutory and regulatory compliances.

2. Board of Directors

As of March 31, 2014, the Company has eight directors with an executive chairman. Of the eight directors, seven (87%) are non-executive directors and five (62%) are independent directors.

The composition of the Board is in conformity with Clause 49 of the listing agreement entered into with stock exchanges. None of the directors on the Board is members of more than 10 committees or chairman of more than 5 committees across all the companies in which they are directors. Necessary disclosures regarding committee positions in other public companies as on March 31, 2014 have been made by the directors.

The Board met five (5) times during the financial year on May 21, 2013, July 22, 2013, October 24, 2013, January 21, 2014 and March 24, 2014. The names and categories of the directors on the Board, their attendance at Board meetings and Annual General Meeting held during the year and the number of directorships and committee chairmanships / memberships held by them in other companies are given below:

Name of the Director	Category	No. of board meetings attended	Whether attended last AGM	Number of Directorship in other companies#		Number of Committees@	
				Chairman	Member	Chairman	Member
Mr. L Ganesh	Executive Chairman & Promoter	5	Yes	6	4	2	7
Mr. L Lakshman	Non-Executive Director & Promoter	4	Yes	1	9	3	5
Mr. Harish Lakshman	Non-Executive Director & Promoter	5	Yes	-	7	2	1
Mr. R Jagannath	Non-Executive & Independent Director	4	No	-	1	-	3
Mr. Ashok Malhotra	Non-Executive & Independent Director	4	No	-	-	1	1
Mr. C N Srivatsan	Non-Executive & Independent Director	5	Yes	-	2	2	2
Mr. R V Raghavan	Non-Executive & Independent Director	5	Yes	-	1	-	1
Mr. Krishna Kumar Seshadri	Non-Executive & Independent Director	5	No	-	1	-	-

NA – Not Applicable

- Excludes companies exempted under Section 278 of the Companies Act, 1956 and foreign companies

@ - Membership in Audit Committee and Stakeholders' Relationship committee only is considered

Mr. L Lakshman is related to Mr. L Ganesh and Mr. Harish Lakshman.

The information as required under Annexure IA to Clause 49 of the listing agreement such as annual operating plans and budgets, quarterly results for the Company, minutes of meetings of audit committee and other committees of the board,

quarterly details of foreign exchange exposures, risk management and mitigation measures, etc. are placed before the Board of Directors.

The board and audit committee meeting annual calendars are circulated in advance to the directors in order to facilitate them in attending the meetings. The directors are provided with detailed agenda for

CORPORATE GOVERNANCE (contd.)

the meetings along with necessary annexures to effectively participate in discussions. The Company has a post board meeting review mechanism to monitor and follow up the effective execution of the decisions, directions or suggestions of the Board and its Committees by the management.

3. Audit Committee

Overall purpose / objective

The purpose of the Audit Committee is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

The scope of reference to the committee, inter alia, includes:

1. Discuss the scope of audit and post-audit area of concern, if any, with Statutory Auditors and Internal Auditors.
2. Recommending the appointment of Statutory Auditor and fixation of audit fee.
3. Review of quarterly / annual financial statements with statutory auditors and management before submission to the Board.
4. Review of internal control systems with the Management, Statutory Auditors and Internal Auditors.
5. Reviewing the adequacy of internal audit function.
6. Review of financial and risk management policies of the Company.
7. Reviewing defaults, if any, in payments to depositors, shareholders and creditors.
8. Reviewing the statement of significant related party transactions submitted by the management.
9. Reviewing the management letters/ letters of internal control weaknesses issued by the statutory auditors, if any.

10. Reviewing the internal audit reports relating to internal control weaknesses, if any.

11. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee as on March 31, 2014 is as follows:

Mr. C N Srivatsan - Chairman – Independent Director
Mr. L Lakshman - Member – Non-Executive Director
Mr. R Jagannath - Member – Independent Director
Mr. Ashok Malhotra - Member – Independent Director

All the members of the audit committee are financially literate and possess accounting and related financial management expertise.

Mr. V Subramani, Secretary of the Company is the Secretary to the Committee.

The committee met four times during the year on May 21, 2013, July 22, 2013, October 24, 2013 and January 21, 2014.

Name of the Director	No. of Meeting attended
Mr. L Lakshman	3
Mr. R Jagannath	3
Mr. C N Srivatsan	4
Mr. Ashok Malhotra	3

The Statutory Auditors and the Internal Auditors were present as invitees in all the meetings. The President and the Finance Head of the Company attended the meeting by invitation. Based on the requirement, other directors attended the meetings by invitation.

In compliance with Clause 41 of the listing agreement, the Audit Committee reviews the quarterly unaudited financial results of the Company. These results are subjected to limited review by the Statutory Auditors of the Company. The Statutory Auditors are eligible to issue limited review report as the audit firm has been subjected to peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of ICAI.

The Audit Committee reviews all mandatory information under Clause 49 of the Listing Agreement.

CORPORATE GOVERNANCE (contd.)

4. Remuneration to Directors

During the year 2013-14, the Company has paid sitting fees of ₹ 20,000 per meeting to the non-executive directors for each Meeting of the Board & Audit Committee and ₹ 2,500 for attending meeting of other committees of the Board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. At the Annual General Meeting, held on July 20, 2011, the shareholders have approved the payment of Commission, up to 5% of the net profits of the Company to Mr. L Ganesh, Chairman and Managing Director till March 31, 2014, as remuneration. In view of loss, no commission is payable to him for the financial year 2013-14. The tenure of Mr. L Ganesh, Chairman and Managing Director ended on March 31, 2014. Subject to the approval of the members in the ensuing Annual General Meeting, the Board of directors has reappointed Mr. L Ganesh as Managing Director of the Company on the same terms, i.e., for a period of three years on a remuneration, viz., commission of up to 5% of the net profits of the Company. The employment of the Managing Director is contractual. There is no severance fee payable to Mr. L Ganesh. The Company does not have any stock option scheme.

No sitting fee is paid to Mr. L Ganesh, Chairman and Managing Director and Mr. L Lakshman, non-executive director, for attending the meetings of the board or other committees of the board. All other Directors are paid sitting fee for attending the Board and other Committee meetings. The details of sitting fee paid to the directors for the year ended March 31, 2014 are as follows:

Name of the Director	Sitting Fees (₹)
Mr. L Ganesh	Nil
Mr. L Lakshman	Nil
Mr. R Jagannath	1,40,000
Mr. Ashok Malhotra	1,40,000
Mr. Harish Lakshman	1,00,000
Mr. C N Srivatsan	1,80,000
Mr. R V Raghavan	1,00,000
Mr. Krishna Kumar Seshadri	1,00,000

Number of Shares held by the Directors:

Name of the Director	No. of Shares held
Mr. L Ganesh	50
Mr. L Lakshman	50
Mr. Harish Lakshman	50

None of the other Directors hold any share in the Company.

5. Code of Conduct

The Board of Directors has laid down a code of conduct for all board members and senior management of the Company in furtherance of its emphasis towards good Corporate Governance practices. The same has been posted on the website of the Company viz. URL: <http://rane.in/pdf/policies/coc.pdf>. The Board Members and Senior Management Personnel have affirmed their compliance with the code of conduct for the year under review. Declaration from the Chief Executive Officer to this effect forms part of this report.

The Board of Directors has also laid down a code of conduct for prevention of Insider Trading. The designated persons have disclosed their shareholding and their dependent relatives' shareholding, if any, in a prescribed form as laid down under the Rane Group's Code of Conduct for Prevention of Insider Trading.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner.

The composition of the committee is as follows:

Mr. Ashok Malhotra - Chairman

Mr. L Ganesh

Mr. C N Srivatsan

Mr. V Subramani, Secretary is the Compliance Officer of the Company.

During the year, the Company has not received any investor complaint through Registrar and Transfer Agent/ Stock Exchanges /Ministry of Corporate Affairs /SEBI, including SEBI Complaints Redress System (SCORES). Hence, no meeting of the Stakeholders Relationship Committee took place during the year.

CORPORATE GOVERNANCE (contd.)

7. General Body Meetings

Details of last three Annual General Meetings (AGM) are as under:

Date of AGM	Special resolutions passed	Time	Venue
July 22, 2013 (41 st AGM)	No Special resolution was passed	10.15 A.M	The Music Academy (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 600 014
July 23, 2012 (40 th AGM)	No Special resolution was passed	10.15 A.M	The Music Academy (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 600 014
July 20, 2011 (39 th AGM)	No Special resolution was passed	10.30 A.M	Narada Gana Sabha (Mini Hall), 314, T.T.K. Road, Chennai 600 018

8. Whistle blower mechanism:

The Company established a formal whistle blower policy, providing the mechanism for reporting with reliable information on any improper or unethical practices or actions which are violative (actual or potential) of the code of the Company by any employee or others dealing with the Company. It also addresses the protection of whistle blower who makes protected disclosures under the policy and provides for direct access to the Chairman of the Audit Committee.

The policy and the mechanism for reporting has been appropriately communicated across all locations of the Company. The whistle blower policy has also been posted in the Company's website URL: <http://rane.co.in/pdf/policies/revlwbpolicy.pdf>.

During the year, no instance was reported under this policy.

9. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 30 of the financial statements have been reviewed by the Audit

Committee. The Company does not have any subsidiary.

There was no instance of non compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority during the last three years.

The Company has complied with all the mandatory requirements prescribed under revised Clause 49 of the listing agreement. The CEO and CFO of the Company have certified to the Board on the integrity of the financial statements, effectiveness of internal controls and significant changes in internal control / accounting policies during the year as required under Clause 49 V of the Listing Agreement.

The Company has complied with the following non-mandatory requirements:-

- i. maintaining an office for the Chairman at the registered office of the Company.
- ii. adopting best practices to ensure a regime of unqualified financial statements.
- iii. individual communication of half-yearly results to shareholders.

For compliance with the laws governing the operations and conduct of affairs, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate education to dealing personnel, execution, escalation and regular reviews to strengthen compliance management. A new system for updating the laws for compliance was introduced during the year. The master lists of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.

10. Means of communication

The quarterly / annual financial results were published in "Business Standard" (English) and "Dinamani" (Tamil). The financial results and the shareholding pattern were uploaded in the websites of the stock exchanges and the Company viz. <http://www.rane.in>. During the year, presentations were made to analysts / institutional investors and was published in the website of the Company. A management discussion and analysis report is part of the annual report.

CORPORATE GOVERNANCE (contd.)

11. General Shareholder Information

i. Information about director seeking appointment / re-appointment in this Annual General Meeting

Name of the Director	Mr. L Lakshman	Mr. C N Srivatsan	Mr. Ashok Malhotra	Mr. R V Raghavan	Mr. Krishna Kumar Seshadri
Father's Name	Mr. L L Narayan	Mr. C R Natarajan	Mr. K C Kaifi	Mr. Gopala Ramabadrán	Mr. Seshadri Pudugramam Krishnaiyer
Date of Birth	July 17, 1946	May 25, 1957	October 9, 1949	April 4, 1942	May 10, 1946
Educational Qualifications	B.E., Executive MBA from London Business School	C.A., C.I.S.A.	B.A, P.G. Diploma – Business Administration – IIM Ahmedabad	B.Com, FCA (England & Wales), Advanced Management Program, Harvard Business School	Master of Engineering, Indian Institute of Science, Bangalore Diploma in Business Management IIM, Ahmedabad
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 43 years of industrial experience	Mr. C.N. Srivatsan has 30 years of diverse experience in handling Indian and overseas assignments. He has addressed innumerable seminars and is a regular faculty for training corporate heads in Internal Audit, Risk Assessment and Risk Management.	Mr. Ashok Malhotra has over 42 years of experience as teacher, consultant and practitioner of management.	Mr. R V Raghavan has wide range of experience in Cross border joint ventures, management of human resources and the turnaround of operations. He is a fellow member of Institute of Chartered Accountants of England & Wales and an alumnus of the Harvard Business School.	Mr. Krishna Kumar has over 38 years of industrial experience in the management of auto ancillary companies. He is presently an independent consultant and an executive coach accredited to Business Coaching Foundation of India.
Date of Appointment	June 25, 1997	July 22, 2009	February 6, 2008	January 20, 2010	October 19, 2012
Other Directorships	Rane Holdings Ltd Rane Brake Lining Ltd Rane (Madras) Ltd Rane Engine Valve Ltd Rane TRW Steering Systems Ltd Rane NSK Steering Systems Ltd Kar Mobiles Ltd JMA Rane Marketing Ltd Force Motors Ltd DCM Engineering Ltd SRF Ltd	Precot Meridian Ltd Kar Mobiles Ltd	Etrans Solutions Pvt Ltd	TRF Ltd	Kar Mobiles Limited
Committee Memberships	Chairman – Audit Committee Rane TRW Steering Systems Limited Rane NSK Steering Systems Limited Member – Audit Committee Kar Mobiles Limited Rane Engine Valve Limited Rane (Madras) Limited SRF Limited DCM Engineering Limited Chairman - Stakeholder's Relationship Committee Rane (Madras) Limited Member - Nomination and Remuneration Committee Rane (Madras) Limited	Chairman – Audit Committee Rane Engine Valve Limited Kar Mobiles Limited Chairman - Nomination and Remuneration Committee Kar Mobiles Limited Member - Nomination and Remuneration Committee Rane Engine Valve Limited Member – Audit Committee Precot Meridian Limited Member – Stakeholder's Relationship Committee Rane Engine Valve Limited	Member – Audit Committee Rane Engine Valve Ltd Chairman – Nomination & Remuneration Committee Rane Engine Valve Ltd Chairman – Stakeholder's Relationship Committee Rane Engine Valve Ltd	Member – Audit Committee TRF Ltd Chairman - Nomination and Remuneration Committee TRF Ltd	Member - Corporate Social Responsibility Committee Rane Engine Valve Limited Kar Mobiles Limited
Number of shares held	50	NIL	NIL	NIL	NIL

Mr. R Jagannath, Independent Director has expressed not to seek re-appointment at the ensuing AGM. The Board has decided not to fill-up the vacancy caused in his place.

Rane Engine Valve Limited

CORPORATE GOVERNANCE (contd.)

ii. Annual General Meeting

July 24, 2014 at 10.15 a.m.

The Music Academy (Mini Hall), New No. 168,
T.T.K. Road, Royapettah, Chennai 600 014.

iii. Financial Year - 1st April - 31st March

Financial Calendar:

Board Meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2014	May 20, 2014
Un-audited results for the 1st quarter ending June 30, 2014	July 24, 2014
Un-audited results for the 2nd quarter ending September 30, 2014	October 24, 2014
Un-audited results for the 3rd quarter ending December 31, 2014	January 21, 2015
Annual Accounts for the year ending March 31, 2015	By last week of May 2015

iv. Book Closure

The book closure period is from **July 19, 2014** (Saturday) to **July 24, 2014** (Thursday), both days inclusive.

v. Listing on Stock Exchanges

Stock Exchange	Stock Code
a) National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	RANEENGINE
b) BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532988
c) The Madras Stock Exchange Ltd, (MSE) 11, Second Line Beach, Chennai 600 001.	RANEENGINE

Listing Fee

The shares of the Company are listed on NSE, BSE & MSE. While NSE & BSE provide nationwide access to trade and deal in Company's equity shares across the country, there is no trading activity in MSE. In view of this, the Board of Directors had earlier sought voluntary de-listing of equity shares from MSE during November 2012. Approval of MSE is still pending. The Company has paid the Annual Listing fee for the financial year 2014-15 to all the stock exchanges where the shares of the Company are listed including that of MSE as the shares of the Company continues to be listed in these stock exchanges.

vi. Unpaid / Unclaimed Dividends :

Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2007 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile Rane Engine Valves Limited) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the Company had transferred to IEPF an unclaimed dividend amount of ₹ 90,234 for the financial year ended March 31, 2006. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company.

CORPORATE GOVERNANCE (contd.)

Information in respect of such unclaimed dividend due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per share# (₹)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2014) (₹)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 123
31.03.2007*	21.03.2007	8.00	2,31,240.18	25.04.2014	24.05.2014
31.03.2008	23.07.2008	4.50	1,24,506.00	28.08.2015	26.09.2015
31.03.2009	22.07.2009	2.00	71,742.00	26.08.2016	24.09.2016
31.03.2010*	20.01.2010	1.50	46,218.00	24.02.2017	25.03.2017
31.03.2010	20.07.2010	1.50	51,525.00	24.08.2017	22.09.2017
31.03.2011*	24.01.2011	3.00	1,19,820.00	28.02.2018	29.03.2018
31.03.2011	20.07.2011	2.00	74,508.00	24.08.2018	22.09.2018
31.03.2012*	24.01.2012	7.50	3,21,187.50	26.02.2019	27.03.2019
31.03.2012	23.07.2012	3.00	1,22,010.00	27.08.2019	25.09.2019

- Share of paid-up value of ₹ 10 per share

* - Interim dividend

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on July 22, 2013 in accordance with the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012. The above details were also uploaded in the website of the Company viz. www.rane.co.in

vii. Unclaimed share certificates

Under Clause 5A (II) of the listing agreement entered with Stock Exchanges, the Company had sent three reminders to the Shareholders for getting their confirmation on unclaimed shares. Based on the response received from the shareholders, the Company had transferred the unclaimed shares of 14,821 shares pertaining to 112 shareholders in physical form into one folio in the name of "Rane Engine Valve Limited Unclaimed shares Suspense Account" and dematerialised the same. No shareholder had approached the company during the year and hence no share was transferred from the unclaimed shares suspense account of the company during the year.

Hence, all the 14,821 shares pertaining to 112 shareholders were lying as unclaimed as on March 31, 2014. The voting rights of these shareholders shall remain frozen till the rightful owner claims the same.

viii. Green Initiative

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the corporate governance" by allowing companies to make paperless compliances and service of notice / documents including annual reports to the shareholders of the Company through electronic mode. As a responsible corporate citizen, your Company welcomes and supports the Green Initiative taken by the MCA, as this will reduce paper consumption to a great extent and allow the members to contribute towards a greener environment. This will also ensure prompt receipt of communication and avoid loss in postal transit.

During last year, the shareholders of the Company whose e-mail addresses were registered with the Company/ Depository Participants (DPs) and who have opted to receive the documents in electronic mode and not in physical mode were provided with a link to the annual report of the Company via., e-mail. In order to support this initiative, members are requested to register their e-mail addresses, with the DPs, in case shares are held in dematerialized form and with the Registrar and Transfer agent, in case the shares are held in physical form.

Rane Engine Valve Limited

CORPORATE GOVERNANCE (contd.)

ix. Share Price Data

There has been no trading in The Madras Stock Exchange Limited. The share price data (based on closing price) as quoted on the National Stock Exchange of India Limited and BSE Limited during the last financial year viz., April 1, 2013 – March 31, 2014 is given below :

Month	BSE Share Prices (₹)		BSE Sensex		NSE Share Prices (₹)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
April 2013	172.70	132.05	19,504.18	18,226.48	159.95	137.00	5,930.20	5,495.10
May 2013	155.00	114.10	20,286.12	19,575.64	153.00	125.30	6,187.30	5,944.00
June 2013	146.20	112.00	19,610.48	18,540.89	157.50	113.00	5,939.30	5,588.70
July 2013	130.00	105.00	20,302.13	19,177.76	126.00	119.70	6,077.80	5,742.00
August 2013	104.00	90.05	19,367.59	17,905.91	114.00	85.50	5,742.30	5,285.00
September 2013	106.30	92.00	20,646.64	18,234.66	113.00	100.00	6,115.55	5,341.45
October 2013	118.00	94.00	21,164.52	19,517.15	105.00	91.15	6,299.15	5,780.05
November 2013	114.60	94.00	21,239.36	20,194.40	114.90	95.50	6,317.35	5,989.60
December 2013	136.00	105.00	21,326.42	20,612.14	127.85	106.00	6,363.90	6,139.05
January 2014	147.50	115.60	21,373.66	20,498.25	143.00	112.80	6,345.65	6,073.70
February 2014	141.65	120.00	21,120.12	20,193.35	145.00	119.00	6,276.95	6,000.90
March 2014	154.20	128.40	22,386.27	20,946.65	158.75	128.00	6,704.20	6,221.45

Source: www.bseindia.com & www.nseindia.com

x. Registrar and Transfer Agents

The contact details of the Registrar and Transfer Agents is as follows:-

Integrated Enterprises (India) Ltd.,

II Floor, 'Kences Towers', No.1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai – 600 017.
Phone: 28140801 – 03, Fax: 28142479, 28143378.
e-mail: corpserv@integratedindia.in

Name of the contact person: Mr. K. Suresh Babu, Vice President.

xi. Share Transfer System

The power to approve transfer of shares has been delegated by the Board to the share transfer committee. Share transfer process is completed within 15 days from the date of receipt of transfer documents by the Registrar and Transfer Agents (RTA). Requests for dematerialisation are generally confirmed on a weekly basis by the RTA.

On a half-yearly basis the compliance with the share transfer formalities is audited by a Practising Company Secretary (PCS) in terms of Clause 49 (c) of the Listing Agreement with the stock exchanges and a certificate to this effect is filed with the stock exchanges. Also reconciliation of share capital audit in terms of regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 is taken up on a quarterly basis and the report of the PCS is filed with the stock exchanges certifying that the total listed capital of the Company is in agreement with the total number of shares in physical and dematerialized form and that there is no difference between the issued and the listed capital of the Company.

CORPORATE GOVERNANCE (contd.)

xii. Distribution of shareholding as on March 31, 2014

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	3,782	91.69	3,75,705	7.29
501 - 1,000	152	3.69	1,09,220	2.12
1,001 - 2,000	74	1.79	1,10,755	2.15
2,001 - 5,000	78	1.89	2,65,692	5.16
5,001 - 10,000	15	0.36	97,829	1.90
10,001 - 20,000	10	0.24	1,55,240	3.01
20,001 - 50,000	8	0.19	3,07,834	5.98
50,001 - 1,00,000	2	0.05	1,36,055	2.64
1,00,001 & above	4	0.10	35,92,662	69.75
Total	4,125	100.00	51,50,992	100.00

xiii. Pattern of shareholding

Sl. No.	Category	As on March 31, 2014			As on March 31, 2013		
		No. of Shareholders	No. of Shares	% to total capital	No. of Shareholders	No. of Shares	% to total capital
A	Promoters	14	27,64,173	53.66	14	27,64,173	53.66
B	Banks, Financial Institutions & Insurance companies	6	1,04,544	2.03	6	1,04,544	2.03
C	Private Bodies Corporate	84	5,58,416	10.84	94	6,48,063	12.58
D	NRIs / OCBs / Foreign Collaborator	45	2,64,191	5.13	47	2,65,052	5.15
E	Indian Public & Others	3,976	14,59,668	28.34	4,104	13,69,160	26.58
	Total	4,125	51,50,992	100.00	4,265	51,50,992	100.00

CORPORATE GOVERNANCE (contd.)

xiv. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2014, about 97.27% of the shareholdings are in dematerialised form.

Comparative chart of physical and demat holdings for the current and previous financial year is given below:

Particulars	Number of shares		% to total capital	
	As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
Physical	1,40,714	3,38,624	2.73	6.57
Demat	50,10,278	48,12,368	97.27	93.43
Total	51,50,992	51,50,992	100.00	100.00

The equity shares held by the promoter & promoter group in the Company have been fully dematerialised.

Demat ISIN Number: **INE 222J01013**

Corporate Identification Number (CIN): **L74999TN1972PLC006127**

xv. Plant locations - Given in the first page of the Annual Report.

xvi. Address for communication:

Mr. V Subramani
Compliance Officer
Rane Engine Valve Limited
Rane Corporate Centre,
"Maithri", 132, Cathedral Road,
Chennai 600 086.
Phone: 28112472, Fax: 28112449
E-mail: investorservices@rane.co.in

OR

Mr. K Suresh Babu
Vice President
Integrated Enterprises (India) Ltd.,
II Floor, 'Kences Towers',
No.1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai 600 017.
Phone: 28140801-03, Fax: 28142479
E-mail: corpserv@integratedindia.in

AUDITORS' CERTIFICATE

To the Shareholders of Rane Engine Valve Limited

We have examined the compliance of conditions of Corporate Governance by Rane Engine Valve Ltd. for the year ended on 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration No. 000511S

P.S. KUMAR
Partner
(Membership No. 15590)

Chennai
May 20, 2014

To
The Members
Rane Engine Valve Limited

Declaration by Chief Executive Officer on Code of Conduct under clause 49 of the Listing Agreement

I, hereby declare that to the best of my knowledge and information, all the board members and senior management personnel have affirmed compliance with the code of conduct for the year ended March 31, 2014.

Place : Chennai
Date : May 20, 2014

L Ganesh
Chairman & Managing Director

INDEPENDENT AUDITOR'S REPORT

To

The Members of Rane Engine Valve Limited

Report on the financial statements

1. We have audited the accompanying financial statements of M/s. Rane Engine Valve Limited ("the company") which comprise the Balance Sheet as at 31st March 2014, Statement of Profit and Loss for the year ended on that date, Cash Flow Statement and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2014;
 - b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

INDEPENDENT AUDITOR'S REPORT (contd.)

6. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the

General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Brahmayya & Co.**,
Chartered Accountants
Firm Regn No: 000511S

(P.S.Kumar)

Partner

Membership No: 15590

Place: Chennai

Date: May 20, 2014

ANNEXURE REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE

1. The provisions of the following clauses of Companies (Auditor's Report) Order, 2003 are not applicable to the company for the year with respect to:
 - a) Clause 4 (xii) with regard to loans granted against pledge of securities since no loans have been granted by the company during the year;
 - b) Clause 4 (xiii) with regard to special statutes applicable to Chit funds and Nidhis since the company has not carried on such business;
 - c) Clause 4 (xiv) with regard to trading in securities since the company did not carry on such activities during the year;
 - d) Clause 4 (xviii) with regard to preferential allotment of shares to specified parties since no allotment of shares was made during the year;
 - e) Clause 4 (xix) with regard to creation of security or charge in respect of debentures since no debentures issued during the year; and
 - f) Clause 4 (xx) with regard to money raised by public issue since no money was raised by public issue during the year.
2.
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The company has a programme of verification of fixed assets whereby all the fixed assets are physically verified by the management over a period of three years in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) The company has not during the year disposed off a substantial part of the fixed assets which would give rise to the question of impairment of status of the company as a going concern.
3.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
4.
 - (i) In our opinion and according to the information and explanations given to us, the company has granted unsecured loan to a public charitable trust covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loan is ₹ 0.75 crores. In our opinion, the terms and conditions of such loan is not prima facie prejudicial to the interest of the company and no amount is due for repayment in respect of above loan as at the balance sheet date.
 - (ii)
 - a) The company has not taken any loans secured or unsecured to / from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956 except fixed deposits accepted from directors and their relatives. These deposits have been accepted from 9 parties aggregating to ₹ 1.41 crores which are outstanding as on 31st March, 2014.
 - b) In our opinion the rate of interest and other terms and conditions of these deposits are not prima facie prejudicial to the interest of the company.
 - c) The payment of principal and interest are regular.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
6.
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions

made in pursuance of such contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

7. The company has accepted deposits from the public and has complied with the Directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under where applicable. According to the explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
10. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty, Cess applicable to it.
11. Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of customs duty, wealth tax, and cess on account of any dispute. The details of disputed excise duty, trade tax, income tax, service tax and sales tax that have not been deposited with the appropriate authorities are as follows:

Nature of Dues	Amount (₹ in Crores)	Forum where dispute is pending
Sales Tax demands for the financial year 2003-2004	0.07	Deputy Commissioner (Appeals) Commercial Taxes, Ernakulam

Nature of Dues	Amount (₹ in Crores)	Forum where dispute is pending
Service Tax	0.71	Customs, Excise & Service Tax Appellate Tribunal, Bengaluru
Excise duty	0.01	Excise Appellate Tribunal, Bengaluru
Trade Tax	–	Joint Commissioner - Trade Tax, Kanpur (₹ 38,000)
Income Tax for the Assessment Year 1995-96	0.23	The Supreme Court of India
Income Tax for the Assessment Year 2004-05, 2005-06 and 2010-11 and 2011-12	0.95	Commissioner of Income Tax (Appeals), Chennai

12. The company does not have any accumulated losses at the end of the financial year. The company has incurred cash loss during the financial year ended 31st March, 2014 and has not incurred cash losses in the immediately preceding financial year.
13. The company has not defaulted in repayment of dues to financial institutions, or banks. The company has not issued any debentures.
14. The company has not given any guarantee for loans taken by others from banks or financial institutions.
15. On the basis of review of utilisation of funds on overall basis the term loans taken by the company were applied for the purposes for which the loans were obtained.
16. According to the information and explanation given to us and on a overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
17. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No: 000511S

P.S.KUMAR
Partner
(Membership No. 15590)

Chennai
May 20, 2014

Rane Engine Valve Limited

BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note	₹ Crores	
		As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	5.15	5.15
Reserves and Surplus	3	57.76	86.85
		<u>62.91</u>	<u>92.00</u>
Non-Current Liabilities			
Long-Term Borrowings	4	76.95	59.23
Deferred Tax Liabilities (Net)	5	–	3.30
Other Long term liabilities	6	0.54	–
Long Term Provisions	7	3.02	3.92
		<u>80.51</u>	<u>66.45</u>
Current Liabilities			
Short-Term Borrowings	8	23.58	29.34
Trade Payables	9	27.33	27.18
Other Current Liabilities	10	53.23	34.01
Short-Term Provisions	11	2.21	2.10
		<u>106.35</u>	<u>92.63</u>
		<u>249.77</u>	<u>251.08</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	133.31	149.26
Intangible Assets	12	0.14	0.28
Capital Work-in-Progress	12	14.14	7.13
Non-current investments	13	0.55	–
Deferred tax assets (net)	5	11.17	–
Long term loans and advances	14	9.55	10.37
		<u>168.86</u>	<u>167.04</u>
Current Assets			
Inventories	15	34.82	36.32
Trade Receivables	16	34.62	31.42
Cash and Bank Balances	17	3.11	6.56
Short-Term Loans and Advances	18	6.71	8.07
Other Current Assets	19	1.65	1.67
		<u>80.91</u>	<u>84.04</u>
		<u>249.77</u>	<u>251.08</u>

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Registration No: 000511S

P.S. KUMAR
Partner
Membership No. 15590

HARISH LAKSHMAN
Vice Chairman

L. GANESH
Chairman &
Managing Director

CHENNAI
May 20, 2014

V. SUBRAMANI
Company Secretary

B. SURESH KUMAR
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note	Period ended 31 March 2014	₹ Crores Period ended 31 March 2013
Revenue from Operations	21	289.18	287.08
Less: Excise Duty		23.26	24.32
		265.92	262.76
Other Income	22	1.03	3.49
Total Revenue		266.95	266.25
Expenses:-			
Cost of Raw Materials Consumed	23	72.81	82.67
Purchase of Traded Goods	24	7.21	4.04
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	25	0.52	1.43
Employee Benefits Expense	26	64.09	73.50
Finance Costs	27	14.78	9.48
Depreciation and Amortization		20.40	21.19
Other Expenses	28	90.43	92.78
Total Expenses		270.24	285.09
Profit before Exceptional Items and Tax		(3.29)	(18.84)
Exceptional Items (Net) (Refer Note No.38)		(40.27)	(0.08)
Profit Before Tax		(43.56)	(18.92)
Tax Expense:			
Current tax		-	-
Deferred Tax		(14.47)	(6.31)
Relating to Earlier Years		-	-
Profit for the year		(29.09)	(12.61)
Earning per Equity Share:			
Basic		(56.48)	(24.47)
Diluted		(56.48)	(24.47)
Number of shares of ₹ 10 each		51,50,992	51,50,992

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Registration No: 000511S

For and on behalf of the Board

P.S. KUMAR
Partner
Membership No. 15590

HARISH LAKSHMAN
Vice Chairman

L. GANESH
Chairman &
Managing Director

CHENNAI
May 20, 2014

V. SUBRAMANI
Company Secretary

B. SURESH KUMAR
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

₹ Crores

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
A. Cash flow from operating activities		
Net profit before tax	(43.56)	(18.92)
Adjustments for:		
Depreciation	20.40	21.19
Unrealised Foreign exchange loss / (gain) - net	(0.13)	0.36
Interest expense	14.78	9.48
(Gain) / Loss on sale of fixed assets - net	(0.55)	(0.48)
Assets Written off / Provision for Retirement of Assets	0.00	0.50
Provision for bad debts and bad debts written off	0.18	0.22
Voluntary retirement expenditure	40.76	0.08
Provision for gratuity and leave salary - (net)	(0.79)	2.31
Operating profit before working capital changes	31.09	14.74
Adjustments for:		
(Increase) / Decrease in trade and other receivables	(1.99)	16.65
(Increase) / Decrease in inventories	1.50	5.10
Increase / (Decrease) in sundry creditors	0.19	0.93
Cash generated from operations	30.79	37.42
Income taxes paid - net of refund	(0.05)	(0.65)
Net cash from operating activities	30.74	36.77
	(A)	
B. Cash flow from investing activities		
Purchase of fixed assets	(10.72)	(28.90)
Proceeds from sale of fixed assets	0.69	1.04
Purchase of investments	(0.00)	-
Payment for voluntary retirement expenditure	(40.76)	(0.08)
Net cash used in investing activities	(50.79)	(27.94)
	(B)	
C. Cash flow from financing activities		
Proceeds from long term borrowings	56.49	32.60
Proceeds from other borrowings	-	-
Repayment of long term borrowings	(19.51)	(15.19)
Repayment of other borrowings	(5.51)	(10.24)
Repayment of Interest Free Sales Tax	(0.57)	(0.53)
Interest paid	(14.29)	(9.91)
Dividend paid	(0.01)	(1.82)
Net cash from financing activities	16.60	(5.09)
	(C)	
Net Increase/(Decrease) in cash equivalents	(3.45)	3.74
	(A)+(B)+(C)	
Cash and cash equivalents - Opening Balance	6.56	2.82
Cash and cash equivalents - Closing Balance	3.11	6.56
	3.45	(3.74)

As per our report of even date attached

For **BRAHMAYYA & CO.**,

Chartered Accountants

Firm Registration No: 000511S

For and on behalf of the Board

P.S. KUMAR

Partner

Membership No. 15590

HARISH LAKSHMAN

Vice Chairman

L. GANESH

Chairman &
Managing Director

CHENNAI

May 20, 2014

V. SUBRAMANI

Company Secretary

B. SURESH KUMAR

Chief Financial Officer

Notes forming part of Financial Statements for the year ended 31st March, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

System of Accounting

1.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and comply with the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and issued by the Institute of Chartered Accountants of India (ICAI).

1.2 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Estimates include allowance for uncollectible accounts receivables, future obligations under employees benefit plans, useful life of fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. The actual amounts (crystallized after preparation of financial statements) may differ from these estimates.

1.3 Fixed Assets, Impairment & Depreciation

Fixed assets are stated at cost. None of the fixed assets has been revalued. Expenses incurred in connection with project prior to the commencement of commercial production are treated as part of project cost and capitalised as part of fixed assets.

If an asset is carried at a value more than the recoverable amount through use or sale of the asset, such impairment of asset is recognized as expenditure of the year. If such impairment ceases to exist then the same is recognized as income of that year.

1.4 Depreciation is provided on straight line method at the rates specified in Schedule-XIV to the Companies Act, 1956 except for :

- a) Assets acquired upto 31.03.1995 – On written down value method.
- b) Assets of following categories based on useful life acquired on or after 01.04.1996

Assets Useful Life	Years
1 Vehicles	5
2 Furniture & Fittings	5
3 Office Equipments	3
4 Licence	3

1.5 In case of second hand assets, depreciation is calculated taking into account the estimated useful life of the assets.

1.6 Inventories

Raw materials, work in progress and finished goods are valued at lower of cost and net realisable value. Other items of inventory are valued at cost. Cost is determined on Weighted

Average basis. Cost includes conversion and other costs incurred in bringing the inventories to the present location and condition.

1.7 Foreign Currency Transactions

Transaction and Translation

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement and translation of monetary items other than for acquisition of fixed assets, at the year end are recognised as income or expense in the year in which they arise.

Premium or discount on forward / option contracts is amortised over the life of such contracts and is recognised as income or expense in the Profit and Loss account.

Exchange differences arising on settlement / translation of long term monetary items utilized for acquisition of fixed assets are adjusted to carrying cost of fixed assets.

1.8 Derivative instruments and Hedge accounting

“The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward contract and option contracts, where the counterparty is a bank. Pursuant to ICAI Announcement “Accounting for Derivatives” on the early adoption of Accounting Standard AS 30 “Financial Instruments : Recognition and Measurement”, the Company has early adopted the standard and accordingly, the changes in the fair values of forward contracts and options designated as cash flow hedges are recognised directly in ‘Hedge Reserve Account’ being part of the shareholders’ funds and reclassified into the profit and loss account upon the occurrence of the hedged transactions. The changes in fair value relating to the ineffective portion of the cash flow hedges and forward contracts / options not designated as cash flow hedges are recognised in the profit and loss account as they arise.”

1.9 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets requires a substantial period of time are capitalised as a part of the cost of the asset if they will result in future economic benefit to the company. All other borrowing costs are charged to revenue.

Notes forming part of Financial Statements for the year ended 31st March, 2014

1.10 Taxes on Income

Provision for Current tax (inclusive of Minimum Alternate Tax) is made based on the tax liability computed on taxable income in accordance with relevant tax rates and tax laws.

Deferred tax, being tax on timing difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years, has been recognized.

Deferred tax assets, excluding assets arising from loss/depreciation carried forward, are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case of carried forward loss/depreciation, it is recognized only if virtual certainty exists.

1.11 Research & Development

Revenue expenditure is charged under natural heads in Profit and Loss Account.

Capital expenditure is shown as addition to fixed assets under natural heads.

1.12 Employee Benefits

Defined Benefit Plan :

Gratuity : (Funded)

In accordance with applicable laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all staff, workers and officers. The Gratuity Plan provides for, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a Gratuity trust which in turn mainly contributes to Life Insurance Corporation of India (LIC) for this purpose. Under this plan the settlement obligation remains with the Gratuity trust. Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the trust.

Leave encashment liability : (Unfunded)

In accordance with applicable rules, the liability for leave encashment (defined benefit plan (Unfunded)) was actuarially valued and provided in the books of accounts, covering all staff, workers and officers.

Provident Fund :

In addition to the above benefits, all employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognised Provident Fund Trust. For other employees contributions are made to the regional Provident Fund Commissioners as per law. The Government mandates the annual yield to be provided to the employees on their corpus. For the first category of employees (covered by the Trust), the company has an obligation to make good the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government.

Superannuation :

Defined Contribution Plan where contributions are made to a Trust which in turn contributes to LIC.

"Apart from being covered under the Gratuity Plan described above, the employees of the Company who are Assistant Managers and above have the option to participate in a defined contribution Superannuation plan maintained by the Company. The Company has no further obligations under the plan except making annual contributions based on a specified percentage of each covered employees salary."

1.13 Pre-operative Expenditure

All expenditure incurred prior to commencement of business / Expansion of business activities is carried forward as pre-operative expenditure and included in Capital Work in Progress and is capitalised along with the cost of fixed assets on commencement of Business.

1.14 Revenue Recognition

1.14.1 Sales are net of sales returns and trade discounts and exclude all taxes and levies.

1.14.2 Export Incentive Benefits are accounted on the following basis:

- a) Duty drawback entitlement is accounted on accrual basis..
- b) Status Holder Incentive Script (SHIS) is accounted on receipt of script
- c) Duty Entitlement Pass Book (DEPB) sheme is accounted on sale / utilisaiton of licence

1.15 Insurance claims are accounted for on the basis of claims lodged with insurance company and to the extent that there is a reasonable certainty in realising the claims.

Notes forming part of Financial Statements for the year ended 31st March, 2014

	₹ Crores				
Particulars	As at 31 March 2014	As at 31 March 2013			
SHAREHOLDER'S FUNDS					
2 Share Capital					
Equity Share Capital					
Authorised Share Capital:-					
1,00,00,000 Shares (1,00,00,000 Shares) of ₹ 10 each	<u>10.00</u>	<u>10.00</u>			
	<u>10.00</u>	<u>10.00</u>			
Issued, Subscribed and Fully Paid Up:-					
51,50,992 Equity Shares (51,50,992 Equity Shares) of ₹ 10 each	<u>5.15</u>	<u>5.15</u>			
	<u>5.15</u>	<u>5.15</u>			
2.1 Number of Shares held by Holding Company					
Rane Holdings Limited	27,59,686	27,59,686			
2.2 Reconciliation of the number of shares outstanding					
Number of Equity Shares outstanding as at the beginning of the period	51,50,992	51,50,992			
Number of Equity Shares outstanding as at the end of the period	51,50,992	51,50,992			
Change in the number of Equity Shares Outstanding	-	-			
2.3 Shares in the company held by each shareholder holding more than 5 per cent shares					
Name of Shareholder	As at 31 March 2014	As at 31 March 2013			
	No. of Shares held	No. of Shares held			
	% of Holding	% of Holding			
Rane Holdings Limited, the Holding Company	27,59,686	27,59,686			
	53.58	53.58			
Enam Share and Securities Private Limited	4,78,890	4,78,890			
	9.30	9.30			
2.4	The Company has only one class of shares i.e. equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.				
2.5 Details of shares allotted / bought back during the five years preceding the Balance Sheet date					
Particulars	Year (Aggregate No. of Shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Equity Shares :					
Fully paid up pursuant to scheme of arrangement of the company with erstwhile Rane Engine Valves Limited, without payment being received in cash	-	-	-	-	-

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2014

		₹ Crores	
Particulars		As at 31 March 2014	As at 31 March 2013
3	Reserves and Surplus		
	Reserves		
	Capital Reserve		
	Opening Balance	0.57	0.57
	Capital Subsidy		
	Opening Balance	0.23	0.23
	Export Incentive Reserve		
	Opening Balance	0.19	0.19
	General Reserve		
	Opening Balance	72.20	72.20
	<i>Add</i> : Additions during the year	–	–
	<i>Less</i> : Deductions during the year	–	–
	Closing balance	<u>72.20</u>	<u>72.20</u>
		<u>73.19</u>	<u>73.19</u>
	Surplus		
	Opening Balance	13.66	26.27
	<i>Add</i> :-		
	Net Profit after tax transferred from Statement of Profit and Loss	(29.09)	(12.61)
	Closing Balance	<u>(15.43)</u>	<u>13.66</u>
		<u>57.76</u>	<u>86.85</u>

Notes forming part of Financial Statements for the year ended 31st March, 2014

	As at 31 March 2014	₹ Crores As at 31 March 2013
NON CURRENT LIABILITIES		
4 Long Term Borrowings		
Secured		
Term Loans from Banks (Refer Note No.4.1 and 4.2)	67.38	48.84
	67.38	48.84
Unsecured		
Fixed Deposits (Refer Note No.4.3.1 and 4.3.2)	6.31	6.48
Other Loans and Advances		
Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note No.4.3.3)	3.26	3.91
	9.57	10.39
	76.95	59.23

4.1 Notes on Secured Long Term Borrowings

Term loans are secured by Pari-passu basis first charge on the company's immovable properties (other than Property situated at Alandur, Chennai) both present and future and also secured by hypothecation of company's movable properties both present and future.

4.2 The details of the long term borrowings are as follows:

Particulars	Repayment Start Date	O/s. Amt. as on 31.03.2014 (₹ Crores)	Current Maturities (₹ Crores)	Interest Rate	Instalment Amt. (₹ Crores)	No. of Quarterly Instalments as per agreement
Rupee Term Loans						
Yes Bank Ltd.	Jul/2011	1.56	1.25	11.92%	0.31	16
Yes Bank Ltd.	Jun/2014	47.50	11.87	12.60%	2.97	16
IDBI Bank Ltd.	Jun/2014	15.00	7.50	12.75%	1.88	16
External Commercial Borrowing (Fully Hedged)						
HDFC Bank Ltd.						
Loan 1	Jan/2012	5.49	4.39	8.00%	1.10	14
Loan 2	Jan/2013	14.18	6.30	9.20%	1.58	14
HSBC Bank (Maurtius) Ltd.	Aug/2013	21.61	6.65	9.13%	1.66	16
		105.34	37.96			

There has been no default as on Balance Sheet date in repayment of loans and interest.

4.3 Notes on Unsecured Long Term Borrowings

- 4.3.1 Fixed Deposit accepted from public carry interest @ 9.0 % to 10.0 % and are for a tenure of 2 to 3 years
- 4.3.2 Fixed Deposit includes due to related parties of ₹ 1.25 Crores (₹ 0.92 Crores)
- 4.3.3 The company is entitled for deferrment of sales tax for a period of 14 years from 1996 to 2010 and the first year loan is repayable during March 2010 and the second year's loan is repayable in the year 2011 and the amount deferred in year 2010 is repayable in the year 2024. The company should continue to be in operation and there should not be any change in location or management of the company until the loan is fully repaid.

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2014

		₹ Crores	
Particulars	As at 31 March 2014	As at 31 March 2013	
5	Deferred Tax Liabilities (NET)		
	Liability		
	Related to Fixed Assets	11.97	11.77
		<u>11.97</u>	<u>11.77</u>
	Assets		
	Provision for expenses allowable on payment basis		
	Provision for Leave Salary	1.09	1.29
	Provision for Liability	0.24	0.19
	Provision for Doubtful Debts	0.26	0.18
	Voluntary Retirement Compensation Scheme	11.65	0.77
	Unabsorbed Depreciation	9.90	6.04
		<u>23.14</u>	<u>8.47</u>
	Deferred tax Liabilities / (Assets) (Net)	<u>(11.17)</u>	<u>3.30</u>
	The deferred tax asset arising on unabsorbed depreciation has been recognised to the extent of the availability of future taxable income by virtue of future reversal of deferred tax liability recognised at the Balance Sheet date.		
6	Other Long Term Liabilities		
	Trade Payables	-	-
	Other Long Term Liabilities (Refer Note No. 6.1)	0.54	-
		<u>0.54</u>	<u>-</u>
6.1	Amount payable on investment as per the agreement with TCW Renewable Energy (India) Private Limited		
7	Long Term Provisions		
	Provision for employee benefits		
	Leave Encashment (Unfunded)	3.02	3.92
		<u>3.02</u>	<u>3.92</u>
	CURRENT LIABILITIES		
8	Short Term Borrowings		
	Secured		
	Loans repayable on demand from banks (Refer Note No. 8.1)	23.58	29.34
		<u>23.58</u>	<u>29.34</u>
8.1	Short term borrowings from banks are secured By hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts.		
8.2	None of the above loans have been guaranteed by any Directors or others.		

Notes forming part of Financial Statements for the year ended 31st March, 2014

		₹ Crores
Particulars	As at 31 March 2014	As at 31 March 2013
9 Trade Payables		
Related Party	0.43	–
Others (Refer Note No.39)	26.90	27.18
	27.33	27.18
10 Other Current Liabilities		
Current Maturities of Long Term Borrowings (Refer Note No.10.1)	40.82	22.04
Interest accrued but not due on borrowings	1.67	1.19
Fixed Deposit interest paid but not encashed	0.02	0.01
Unclaimed Dividends (Refer Note. No.36)	0.12	0.13
Unclaimed Matured Fixed Deposits	0.00	0.01
Employee Related dues	2.04	2.41
Payable on Purchase of Fixed Assets	2.51	1.16
Contractual	0.40	0.55
Related Party	–	–
Statutory Dues	2.00	2.39
Others (Refer Note No.10.3)	3.65	4.12
	53.23	34.01
10.1 Current maturities of long term borrowings		
Current Maturities of Long Term Debt	37.96	19.52
Current Maturities of Fixed Deposits (Refer Note. No.10.2)	2.21	1.95
Current Maturities of IFST Loan	0.65	0.57
	40.82	22.04
10.2 Current Maturities of Fixed Deposits include due to related parties of ₹ 0.16 Crores (₹ 0.31 Crores)		
10.3 Amount due to directors ₹ Nil (₹ Nil Crores)		
11 Short Term Provisions		
Provision for employee benefits		
Gratuity (Funded)	2.03	1.86
Leave Encashment (unfunded)	0.18	0.24
	2.21	2.10

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2014

NON-CURRENT ASSETS

12. Fixed Assets

₹ Crores

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2013	Additions/ Adjustments	Disposals/ Adjustments	As at 31.03.2014	Upto 31.03.2013	For the year	Disposals/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible assets (Refer Note 12.1)										
Land	1.96	(0.00)	0.00	1.96	-	-	-	-	1.96	1.96
Buildings	31.22	0.31	-	31.53	8.50	0.87	-	9.37	22.16	22.72
Plant and Equipment	264.96	4.06	2.17	266.85	141.73	18.92	2.04	158.61	108.24	123.23
Furniture and Fixtures	4.81	0.08	0.10	4.79	3.88	0.29	0.07	4.10	0.69	0.93
Vehicles	0.09	-	-	0.09	0.08	0.00	-	0.08	0.01	0.01
Office equipment	1.80	0.02	-	1.82	1.39	0.18	-	1.57	0.25	0.41
	304.84	4.47	2.27	307.04	155.58	20.26	2.11	173.73	133.31	149.26
Intangible assets										
Licenses	1.40	-	-	1.40	1.12	0.14	-	1.26	0.14	0.28
	1.40	-	-	1.40	1.12	0.14	-	1.26	0.14	0.28
	306.24	4.47	2.27	308.44	156.70	20.40	2.11	174.99	133.45	149.54
For the year 2012-13	275.01	35.47	4.24	306.24	138.69	21.19	3.18	156.70	149.54	136.32
Capital Work in Progress									14.14	7.13
									147.59	156.67

12.1 Borrowing Cost of ₹ 0.13 Crores (₹ 0.34 Crores) is capitalised along with the cost of capital asset.

Particulars	No. of Shares	As at 31 Mar 2014	No. of Shares	As at 31 Mar 2013
13 Non Current Investments				
Trade Investments (At Cost)				
Investments in Mutual Funds		-		-
Other non-current investments		-		-
In Equity Shares, Unquoted, fully paid up				
TCW Renewable Energy (India) Private Limited of ₹ 10 each	613,453	0.55		-
Total Trade Investments		0.55		-
Other Investments (At Cost)				
Investments in Mutual Funds		-		-
Other non-current investments		-		-
Total Other Investments		-		-
Total				
Less:- Provision for Diminution in the value of investments		-		-
Total of Trade Investments & Other Investments		0.55		-

Notes forming part of Financial Statements for the year ended 31st March, 2014

		₹ Crores
Particulars	As at 31 March 2014	As at 31 March 2013
14 Long Term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Capital Advances	0.24	1.01
Security Deposits	2.35	2.55
Loans and advances to related parties	0.79	0.75
Rent Deposits	0.15	0.17
Other loans and advances		
Advance Income Tax	48.89	48.84
Less : Provision for Income Tax	(43.25)	(43.25)
	5.64	5.59
Other Advances		
Considered Good	0.38	0.30
Considered Doubtful	-	-
Less: Provision for doubtful advances	-	-
	0.38	0.30
	9.55	10.37
15 Inventories		
Valued at Lower of Cost or Realisable value		
Raw Materials	3.83	5.05
Raw Material-Goods in Transit	0.15	0.38
Work in Progress	7.02	7.62
Finished Goods	10.52	10.55
Finished Goods-Goods in Transit	3.24	3.96
Stock in Trade	1.65	0.82
Stores and Spares	8.41	7.94
Loose Tools	-	0.00
	34.82	36.32
16 Trade Receivables		
Unsecured		
Over six months		
Considered good	-	0.00
Considered doubtful	0.46	0.40
Others		
Considered good (Refer Note. No. 16.1)	34.62	31.42
Considered doubtful	0.29	0.17
	35.37	31.99
Less:- Provision for Doubtful Trade receivables	(0.75)	(0.57)
	34.62	31.42

16.1 Trade Receivables - considered good includes due from related parties of ₹ 0.07 Crores (₹ 0.41 Crores)

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2014

Particulars	₹ Crores	
	As at 31 March 2014	As at 31 March 2013
17 Cash and Bank balances		
Cash and cash equivalents		
Balance with banks		
In Current Accounts	2.59	5.10
In Deposit Accounts	0.31	1.27
Cash on hand	0.08	0.05
Earmarked balances with banks		
Unpaid Dividend accounts	0.11	0.13
Unpaid Interest warrant accounts	0.02	0.01
Bank deposits with more than 12 months maturity	—	—
	<u>3.11</u>	<u>6.56</u>
18 Short Term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Loans and Advances to Employees	0.18	0.33
Prepaid expenses	1.04	1.40
Balance with government authorities		
Customs and Excise	3.96	4.85
Value added tax	0.16	0.61
Others	0.11	0.12
	<u>4.23</u>	<u>5.58</u>
Other Advances	1.26	0.76
	<u>6.71</u>	<u>8.07</u>
19 Other Current Assets		
Unamortised Borrowing Cost	0.81	1.09
Unamortised Premium on Options	0.08	—
Interest accrued on Deposits	0.11	0.17
Insurance Claims Receivable	0.03	0.00
Export Benefits Receivable	0.62	0.41
	<u>1.65</u>	<u>1.67</u>

Notes forming part of Financial Statements for the year ended 31st March, 2014

		₹ Crores	
Particulars	Year ended 31 March 2014	Year ended 31 March 2013	
20 CONTINGENT LIABILITIES AND COMMITMENTS			
20.1 Contingent Liabilities			
Claims against the company not acknowledged as debt			
Labour Disputes	0.16	0.16	
Income Tax	2.31	1.90	
Other Liabilities	0.73	0.71	
Guarantees & Letter of Credits issued by the banks	0.36	3.79	
Liability on bills discounted with banks	6.69	5.99	
	10.25	12.55	
20.2 Capital Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	2.13	2.26	
20.3 Other commitments			
20.3.1 The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports amounting to ₹ 9.97 Crores within the period allowed under the scheme.			
	Year ended 31 March 2014	Year ended 31 March 2013	
21 Revenue from Operations			
Sale of products (Refer Note No. 21.1)	282.00	278.57	
Less : Excise duty	22.86	23.92	
	259.14	254.65	
Other operating revenues (Refer Note No.21.2)	6.80	7.99	
Less : Excise duty	0.40	0.40	
	6.40	7.59	
Sale of services	0.38	0.52	
	265.92	262.76	

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2014

Particulars	₹ Crores	
	Year ended 31 March 2014	Year ended 31 March 2013
21.1 Sale of Products Comprises :		
Manufactured Goods		
Valves	238.42	240.57
Guides	21.23	19.65
Tappets	8.00	8.64
Total	<u>267.65</u>	<u>268.86</u>
Traded Goods		
Valves	14.31	9.71
Piston Assembly	0.01	—
Valve Seat Insert	0.02	—
Valve Stem Seal	0.01	—
Total	<u>14.35</u>	<u>9.71</u>
	<u>282.00</u>	<u>278.57</u>
21.2 Other Operating Revenue Comprises:		
Sale of Materials	1.52	0.91
Sale of Scrap	2.07	2.54
Export Incentive Receipts (Refer Note No.21.3)	3.21	4.54
	<u>6.80</u>	<u>7.99</u>
21.3 Includes SHIS value of ₹ Nil (₹ 0.37 Crores) pending to be utilised		
22 Other Income		
Interest Income	0.28	0.86
Profit on Sale of Assets	0.11	0.52
Provision no longer required written back	0.55	1.79
Other non-operating income - Net	0.09	0.32
	<u>1.03</u>	<u>3.49</u>
23 Cost of Raw Materials Consumed (Refer Note No.23.1 and 28.2)		
Opening Stock	5.43	9.00
Add : Purchases	71.36	79.10
Less : Closing Stock	3.98	5.43
Cost of Materials Consumed	<u>72.81</u>	<u>82.67</u>
23.1 Materials consumed comprises:		
Alloy steel	59.09	67.43
Hardfacing materials	5.57	4.92
Guide castings	4.80	5.17
Others	3.35	5.15
	<u>72.81</u>	<u>82.67</u>

Notes forming part of Financial Statements for the year ended 31st March, 2014

Particulars	Year ended 31 March 2014	₹ Crores Year ended 31 March 2013
24 Purchase of Traded goods		
Valves	6.60	4.04
Piston Assembly	0.44	—
Valve Seat Insert	0.06	—
Valve Stem Seal	0.11	—
	<u>7.21</u>	<u>4.04</u>
25 Changes in inventories		
Inventories at the end of the year:		
Finished goods	13.76	14.51
Work-in-progress	7.02	7.62
Stock-in-Trade	1.65	0.82
	<u>22.43</u>	<u>22.95</u>
Inventories at the beginning of the year:		
Finished goods	14.51	16.22
Work-in-progress	7.62	7.35
Stock-in-Trade	0.82	0.81
	<u>22.95</u>	<u>24.38</u>
Net (increase) / decrease	<u>0.52</u>	<u>1.43</u>
26 Employee Benefits Expense		
Salaries and Wages	49.70	57.85
Contributions to -		
Provident and other Funds	2.81	3.46
Superannuation scheme	0.35	0.41
Gratuity fund contribution	2.23	2.27
Staff welfare expenses	9.00	9.51
Voluntary Retirement Scheme Compensation (Refer Note No.38.2)	—	—
	<u>64.09</u>	<u>73.50</u>
27 Finance Costs		
Interest expense	14.18	9.40
Other borrowing costs	0.43	0.23
Net (gain) / loss on foreign currency transactions and translation	0.30	0.19
	<u>14.91</u>	<u>9.82</u>
Less : Borrowing Cost Capitalised	0.13	0.34
	<u>14.78</u>	<u>9.48</u>

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2014

Particulars	₹ Crores	
	Year ended 31 March 2014	Year ended 31 March 2013
28 Other Expenses		
Stores and Tools consumed (Refer Note No. 28.3)	18.46	17.36
Power and Fuel	18.78	25.42
Trade Mark Fees	1.37	1.34
Repairs and Maintenance		
Plant and Machinery	8.52	7.98
Buildings	0.10	0.10
Others	0.80	1.14
Job work Expenses	9.11	8.70
Rent	0.59	0.60
Insurance	1.31	1.53
Rates and Taxes	0.84	0.75
Travelling and Conveyance	3.55	3.16
Professional and legal expenses	4.14	4.49
Data Processing and Maintenance expenses	1.93	1.70
Service Contract Expenses	3.96	3.90
Administrative Expenses	1.42	1.19
Selling and Distribution Expenses		
Packing and Forwarding	9.25	7.14
Advertisement and Sales Promotion	0.17	0.17
Commission and Discount	4.10	3.89
Provision for Doubtful debts	0.18	0.22
Quality Cost	0.55	0.59
Directors' Sitting Fees	0.08	0.09
Audit Fees (Refer Note No.28.1)	0.17	0.16
Loss on Sale of Assets	0.05	0.04
Assets Written Off / Provision for Retirement of Assets	0.00	0.50
Exchange Loss (Net) - Other than considered under Finance Costs	0.70	0.22
Bank Charges	0.18	0.18
Excise Duty adjustment on Inc / (Dec) of Finished Goods	0.12	0.06
Donations	-	0.16
	90.43	92.78

Notes forming part of Financial Statements for the year ended 31st March, 2014

Particulars	Year ended 31 March 2014	₹ Crores Year ended 31 March 2013
28.1 Auditors' Remuneration		
a. as auditors - statutory audit	0.10	0.10
b. for taxation matters	0.04	0.04
c. for company law matters	0.00	0.00
d. for management services	-	-
e. for other services	0.03	0.02
	0.17	0.16
28.2 Raw Materials Consumed		
Imported	28.14	39.36
Imported % to total	38.65%	47.61%
Indigenous	44.67	43.31
Indigenous % to total	61.35%	52.39%
Total	72.81	82.67
Total %	100.00%	100.00%
28.3 Stores and Spare Parts Consumed		
Imported	0.77	0.42
Imported % to total	4.17%	2.41%
Indigenous	17.69	16.94
Indigenous % to total	95.83%	97.59%
Total	18.46	17.36
Total %	100.00%	100.00%
29.1 CIF Value of Imports		
Raw materials	9.80	7.80
Components and spare parts	0.77	0.42
Capital goods	0.02	6.27

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2014

Particulars	₹ Crores	
	Year ended 31 March 2014	Year ended 31 March 2013
29.2 Expenditure in foreign currency		
Professional and consultation fees	1.13	0.65
Finance Cost	4.47	5.24
Others	1.74	0.74
29.3 Earnings in Foreign Currency		
I. Export of goods calculated on F.O.B. basis	78.46	65.82

30 Related Party Disclosures:

Related parties and their relationship

Holding Company	:	Rane Holdings Limited (RHL)
Fellow Subsidiaries	:	Rane (Madras) Limited (RML) Rane Brake Lining Limited (RBL) Rane Holdings America Inc. (100 % owned by RHL)
Enterprise Significantly influenced by Key Management Personnel	:	Kar Mobiles Limited (KML) Rane Foundation (RF)
Key Management Personnel	:	Mr. L Ganesh – Chairman and Managing Director
Relatives of Key Management Personnel	:	1. Mr. L Lakshman 2. Mr. L Ganesh (HUF) 3. Mrs. Meenakshi Ganesh 4. Ms. Aparna Ganesh 5. Mr. Aditya Ganesh 6. Mrs. Hema C Kumar 7. Mrs. Vanaja Aghoram 8. Mrs. Shanthi Narayan

Notes forming part of Financial Statements for the year ended 31st March, 2014

Disclosure in respect of material transactions with related parties for the period 01.04.2013 to 31.03.2014

(₹ in Crores)

Description	Holding Company		Fellow Subsidiary		Enterprise influenced by Key Management Personnel		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Material transactions during the year	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest Paid on Fixed Deposits	-	-	-	-	-	-	0.01	0.00	0.13	0.14	0.14	0.14
Remuneration Paid	-	-	-	-	-	-	-	-	-	-	-	-
Trade Mark Fees Paid	1.37	1.34	-	-	-	-	-	-	-	-	1.37	1.34
Reimbursement of Expenses Cr / (Dr)												
- RHL	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
- RML	-	-	(0.14)	(0.05)	-	-	-	-	-	-	(0.14)	(0.05)
- RBL	-	-	0.00	0.01	-	-	-	-	-	-	0.00	0.01
- KML	-	-	-	-	-	0.02	-	-	-	-	-	0.02
Sale of Material - KML	-	-	-	-	0.27	0.93	-	-	-	-	0.27	0.93
Purchase of Material												
- RML	-	-	-	0.00	-	-	-	-	-	-	-	0.00
- KML	-	-	-	-	0.13	0.02	-	-	-	-	0.13	0.02
Services Received												
- RHL	3.19	3.07	-	-	-	-	-	-	-	-	3.19	3.07
- RHAI	-	-	0.24	0.21	-	-	-	-	-	-	0.24	0.21
Services Rendered - KML	-	-	-	-	0.43	0.59	-	-	-	-	0.43	0.59
Purchase of Assets	-	0.16	-	-	-	-	-	-	-	-	-	0.16
Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Deposits Accepted / (Repaid)	-	-	-	-	-	-	-	-	0.18	(0.53)	0.18	(0.53)
Donations - RF	-	-	-	-	-	0.15	-	-	-	-	-	0.15
Loans granted / (Repaid) during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the year end												
Amount Payable - Trade	0.39	-	-	-	-	-	-	-	-	-	0.39	-
Amount Receivable - Trade												
- RHL	-	0.01	-	-	-	-	-	-	-	-	-	0.01
- RHAI	-	-	0.01	-	-	-	-	-	-	-	0.01	-
- RML	-	-	0.03	0.03	-	-	-	-	-	-	0.03	0.03
- KML	-	-	-	-	0.07	0.41	-	-	-	-	0.07	0.41
Fixed Deposits Outstanding	-	-	-	-	-	-	0.06	0.06	1.35	1.17	1.41	1.23
Loans outstanding- RF	-	-	-	-	0.75	0.75	-	-	-	-	0.75	0.75

Notes forming part of Financial Statements for the year ended 31st March, 2014

31 Employee Benefits

The company has implemented Revised AS-15 and made the provisions accordingly. The disclosure as per Revised AS-15 produced below: -

The following tables set out the details of amount recognised in the financial statements in respect of employee benefit schemes:

	Particulars	31.03.2014	31.03.2013	31.03.2014	31.03.2013
		Gratuity	Gratuity	Leave Salary	Leave Salary
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
A	Net Asset / (liability) recognised in the Balance Sheet as at March 31, 2014				
	Present value of the Defined Benefit Obligation	8.55	12.42	3.20	4.16
	Fair Value of plan assets	6.52	10.56	-	-
	Net Asset / (Liability) recognised in the Balance Sheet	(2.03)	(1.86)	(3.20)	(4.16)
B	Expenses recognised in the statement of Profit and Loss Account for the year ended March 31, 2014				
	Current service cost	1.10	0.89	0.92	1.52
	Contribution from other funds	(0.12)	-	-	-
	Interest cost	0.99	0.82	0.23	0.22
	Expected return on plan assets	(0.56)	(0.95)	-	-
	Net actuarial (gain)/loss recognised during the year	0.82	1.51	0.47	0.55
	Expense/(Income) recognised in Profit and Loss Account	2.23	2.27	1.62	2.29
C	Change in Defined Benefit obligation during the year ended March 31, 2014				
	Present value of Defined Benefit obligation as at April 1, 2013	12.42	10.26	4.16	3.14
	Current service cost	1.10	0.89	0.92	1.52
	Interest cost	0.99	0.82	0.23	0.22
	Benefits paid	(6.78)	(1.06)	(2.59)	(1.27)
	Actuarial (gain) / loss on obligation	0.82	1.51	0.47	0.55
	Present value of obligation as at March 31, 2014	8.55	12.42	3.19	4.16
D	Changes in Fair value of Asset during the year ended March 31, 2014				
	Fair value of plan assets as at April 1, 2013	10.56	9.69	-	-
	Expected return on plan assets	0.56	0.95	-	-
	Contributions made	2.06	0.98	2.59	1.27
	Contributions - Transfer from other funds	0.12	-	-	-
	Benefits paid	(6.78)	(1.06)	(2.59)	(1.27)
	Actuarial gain / (loss) on plan assets	-	-	-	-
	Fair value of plan assets as at March 31, 2014	6.52	10.56	-	-
E	Actual return on plan assets for the year ended March 31, 2014				
	Expected return on plan assets	0.56	0.95	-	-
	Actuarial gain / (loss) on plan assets	-	-	-	-
	Actual Return on plan assets	0.56	0.95	-	-
F	Actuarial Assumptions				
	Discount rate	8.00%	8.00%	9.10%	8.10%
	Expected rate of return on plan assets	8.85%	9.40%	-	-
	Rate of increase in compensation levels	4.5% / 7.0%	4.5% / 7.0%	4.5% / 7.0%	4.5% / 7.0%

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

Notes forming part of Financial Statements for the year ended 31st March, 2014

32 Derivative Instrument and hedge accounting

As per Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", the Company has provided for the effective portion amounting to ₹ Nil (₹ Nil) of the changes in the fair values of forward contracts and options designated as cash flow hedges directly in 'Hedge Reserve Account' being part of the shareholders' funds the changes in fair value relating to the ineffective portion amounting to ₹ Nil (₹ Nil) of the cash flow hedges and forward contracts / options are recognised in the profit and loss account.

33 Derivative Instrument and Unhedged Foreign Currency Exposure

S.No	Purpose	Nature	Currency	31.03.14	31.03.13	31.03.14	31.03.13
				FCY Amount in Crores		₹ Crores	
1	Forward Currency Swap						
	ECB Loan taken in USD 32,50,000 and swapped against INR	Cross Currency Swap	INR	0.12	0.21	5.48	9.87
	ECB Loan taken in USD 50,00,000 and swapped against INR	Cross Currency Swap	INR	0.32	0.46	14.18	20.48
	ECB Loan taken in USD 50,00,000 and swapped against INR	Cross Currency Swap	INR	0.41	0.50	21.61	26.60
2	Payable in USD	Currency Swap	INR	0.08	0.05	4.61	2.44
	Receivable in USD	Currency Swap	INR	-	0.02	-	1.10
	Receivable in EURO	Currency Swap	INR	0.06	0.05	5.41	3.38
3	Receivable in EURO	Currency Options	INR	0.02	-	1.93	-
4	Unhedged Foreign Currency Exposure						
a)	PCFC Loan in USD		USD	0.10	0.09	5.69	4.75
b)	PCFC Loan in EURO		EURO	0.08	0.09	6.18	6.09
c)	Outstanding Debtors		USD	0.05	0.04	3.18	2.34
			EURO	-	0.03	-	1.80
			GBP	0.00	0.00	0.05	0.15
			AUD	0.00	0.00	0.08	0.14
d)	Outstanding Creditors - Goods		USD	0.04	0.01	2.12	0.76
			EURO	0.00	0.00	0.03	0.02
			GBP	(0.00)	-	(0.01)	-
			SGD	(0.00)	-	(0.01)	-
e)	Outstanding Creditors - Expenses		EURO	0.00	0.00	0.36	0.18
			AUD	0.00	0.00	0.02	0.06

Notes forming part of Financial Statements for the year ended 31st March, 2014

34 Segment Reporting

The entire operations of the company relate only to one segment, viz, "Components for Transport Industry". As the exports are predominantly to developed countries, geographical risk is not different from domestic market and hence no separate secondary segment disclosure is required.

35 In the opinion of the Board, none of the assets have a value lower on realization in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

36 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March 2014.

37 Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹ 0.72 Crores (Previous Year ₹ 0.71 Crores)

38 Exceptional Item represents

38.1 Profit on sale of company's surplus land near Chennai amounts to ₹ 0.49 Crores (Previous Year ₹ Nil Crores)

38.2 Voluntary Retirement Scheme (VRS) expenditure in the nature of employee benefits paid to employees opted for VRS amounts to ₹ 40.76 Crores (Previous Year ₹ 0.08 Crores)

39 Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows:

	31.03.2014 ₹ Crores	31.03.2013 ₹ Crores
a) Principal amount due	0.22	0.51
Interest due on the above	0.00	—
b) Interest paid during the period beyond the appointed day	0.01	0.01
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	1.71	0.67
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	—	—
e) Amount of interest accrued and remaining unpaid at the end of the period	0.01	0.00
f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act.		

The above information regarding micro enterprise and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

40 The previous year's figures have been re-grouped, reclassified wherever necessary so as to make them comparable with the current year's figures.

41 Figures in brackets in the Schedules and Notes pertain to previous year.

As per our report of even date attached

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No: 000511S

For and on behalf of the Board

P.S. KUMAR
Partner
Membership No. 15590

HARISH LAKSHMAN
Vice Chairman

L. GANESH
Chairman &
Managing Director



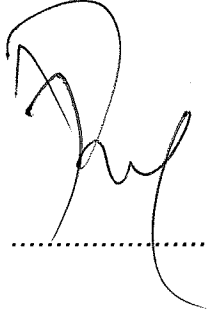
CHENNAI
May 20, 2014

V. SUBRAMANI
Company Secretary

B. SURESH KUMAR
Chief Financial Officer

FORM A

**Format of covering letter of the annual audit report
to be filed with the stock exchanges**

1.	Name of the Company:	Rane Engine Valve Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	L Ganesh Managing Director	
	B Suresh Kumar Deputy General Manager – Finance	
	P.S. Kumar BRAHMAYYA & CO, Chartered Accountants, Auditors	
	C N Srivatsan Audit Committee Chairman	