



# Rane Engine Valve Ltd.

Registered Office:  
" Maithri "  
132, Cathedral Road,  
Chennai 600 086.  
India.  
CIN : L74999TN1972PLC006127

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

## FORM A


(Pursuant to Clause 31(a) of the Listing Agreement)


1.	Name of the Company	Rane Engine Valve Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

Refer Audit Report dated May 22, 2015 on the standalone financial statements of the company.

**For Brahmayya & Co.**  
Chartered Accountants  
(Firm Registration No. 000511S)



  
**P S Kumar**  
Partner  
(Membership No. 15590)  
Auditor

**For Rane Engine Valve Limited**  
  
L Ganesh  
Chairman & Managing Director

  
B Suresh Kumar  
Chief Financial Officer

  
C N Srivatsan  
Audit Committee Chairman

Date: May 22, 2015  
Place: Chennai



# A Fresh Perspective

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### Caution regarding forward-looking statements

In this annual report, we have disclosed some forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# A Fresh Perspective

**The world is changing at a rapid pace. Aided by the rapid advancements in technology, telecommunication, information technology and most significantly the new generation consumer; a new world order is fast emerging.**

In addition to the changing macro environment, Automobile, our core playground, also needs to align with a constantly moving object called today's customer who demands more. Vehicle that weighs lesser, consumes lesser energy, is easy to manoeuvre, offers added features and convenience and much more. Emerging socio-economic and demographic dimensions are shaping a new automobile world order. Various reports indicate of India's ascent as a global leader both in terms of market size as well as production volumes.

As one of the leading Indian automotive component suppliers to the global OEMs, we have further strengthened our value proposition despite the low growth phase of recent years. With Indian markets poised to transit into its next phase of steady growth, our decadal journey of profitable growth has got enriched with A FRESH PERSPECTIVE.

# The World of Rane Engine Valve

- ▶ Established in 1959, Rane Engine Valve Limited (REVL) is part of the Rane Group of Companies, a leading auto component group based out of Chennai.
- ▶ Manufactures engine valves, valve guides and tappets for various IC engine applications
- ▶ Market leader in Indian OEM and replacement markets
- ▶ Caters to all segments of automobile industries such as passenger vehicle, commercial vehicle, Tractor, 2 wheelers and 3 wheelers, stationary engines, railways and marine engines

## Manufacturing Plants

Locations	Products
Ponneri (Chennai)	Engine Valves, Guides & Tappets
Medchal (Hyderabad)	Engine Valves
Aziz Nagar (Hyderabad)	Engine Valves
Trichy	Engine Valves
Bangalore	Engine Valves
Tumkur	Engine Valves

## Quality Accreditation

ISO 14001:2004	Environmental Management, Trichy plant
Deming Grand Prize	Total Quality Management (TQM)



### Vision

To be a preferred solution provider of valve train components to the global Internal combustion engine industry



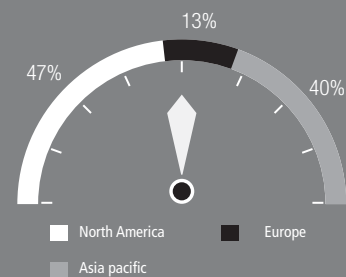
Revenue mix by product category (FY15)



Revenue mix by user segment (FY15)



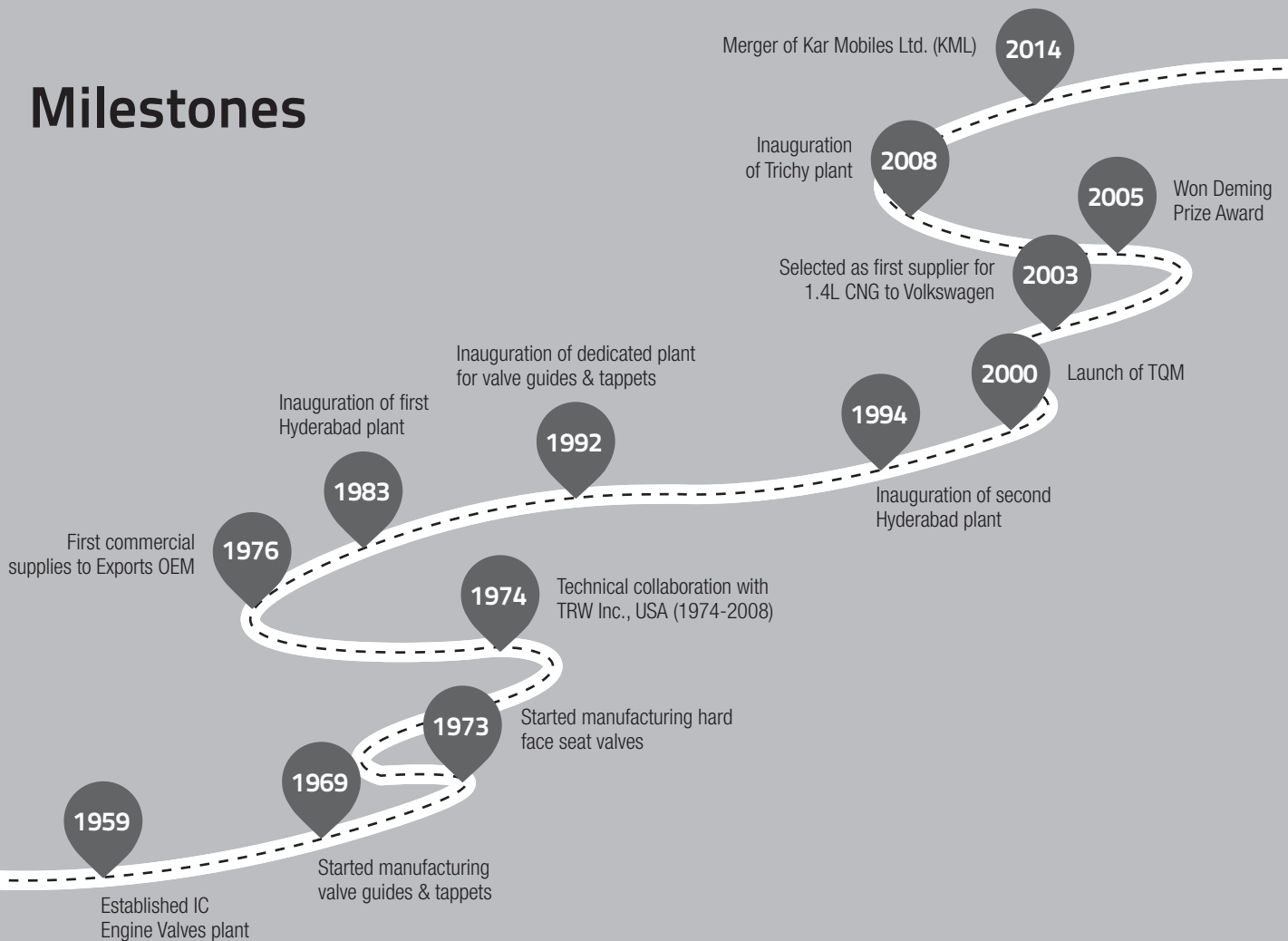
Export Revenue mix by geography (FY15)



## Key Customers

 ASHOK LEYLAND	 BMW	 Cummins	DAIMLER	 DEUTZ
 ELECTROMOTIVE ENGINE CONTROLS	 ESCORTS	 Hero	 HONDA	 HYUNDAI
 JOHN DEERE	 Mahindra	 MARUTI SUZUKI	 RENAULT NISSAN	 Simpson Lo Ltd
 TATA	 VW	 YAMAHA		

## Milestones





# Financial Highlights

## Operational Performance

(Rs. in Cr)

Particulars	FY15	FY14	FY13	FY12	FY11
Total Income	399.23	266.95	266.25	309.19	289.70
EBITDA	33.72	31.89	11.83	42.92	39.42
PBT	31.46	-43.56	-18.92	28.72	16.12
PAT	23.48	-29.09	-12.61	20.77	10.80

## Balance Sheet Summary

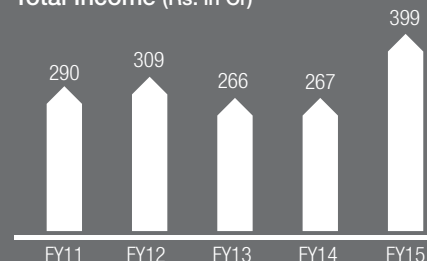
(Rs. in Cr)

Particulars	FY15	FY14	FY13	FY12	FY11
Equity Capital	5.15	5.15	5.15	5.15	5.15
Shareholders' Funds	113.95	62.91	92.00	104.61	90.12
Non current Liabilities	68.88	80.51	66.45	56.27	55.89
Current Liabilities	158.45	106.35	92.63	101.66	88.00
Non Current Assets	195.66	168.86	167.04	159.50	141.98
Current Assets	147.19	80.91	84.04	103.04	92.03

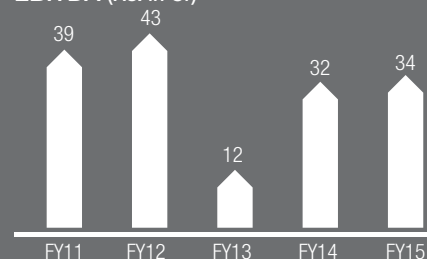
## Ratios

Particulars	FY15	FY14	FY13	FY12	FY11
RoCE (%)	2.27	5.65	-4.55	12.57	13.11
RoNW (%)	26.32	-37.56	-12.83	21.33	12.54
EPS (Rs.)	34.94	-56.48	-24.47	40.32	20.97
BVPS (Rs.)	169.59	122.13	178.6	203.09	174.96

Total Income (Rs. in Cr)



EBITDA (Rs. in Cr)



BVPS (Rs.)



**Board of Directors**

L GANESH

*Chairman and Managing Director*

HARISH LAKSHMAN

*Vice Chairman*

L LAKSHMAN

ASHOK MALHOTRA

C N SRIVATSAN

R V RAGHAVAN

KRISHNA KUMAR SESHADRI

Dr. BRINDA JAGIRDAR

**Audit Committee**

C N SRIVATSAN

*Chairman*

ASHOK MALHOTRA

KRISHNA KUMAR SESHADRI

L LAKSHMAN

**Stakeholders' Relationship Committee**

ASHOK MALHOTRA

*Chairman*

L GANESH

C N SRIVATSAN

**Nomination & Remuneration Committee**

ASHOK MALHOTRA

*Chairman*

L LAKSHMAN

C N SRIVATSAN

**CSR Committee**

L LAKSHMAN

*Chairman*

L GANESH

S KRISHNA KUMAR

**President**

S MOHAN

S KRISHNAMURTHY

**Chief Financial Officer**

B SURESH KUMAR

**Secretary**

V SUBRAMANI

**Statutory Auditors**

BRAHMAYYA &amp; CO.

Chartered Accountants

48, Masilamani Road,

Balaji Nagar, Royapettah,

Chennai- 600 014.

**Listing of Shares on**

BSE Limited, Mumbai

National Stock Exchanges of India Limited, Mumbai

**Our Bankers**

Standard Chartered Bank, Chennai

HDFC Bank Ltd., Chennai

IDBI Bank Ltd. Chennai

Yes Bank Ltd. Chennai

ING Vysya Bank Limited, Chennai

The Hongkong and Shanghai Banking

Corporation Ltd., Chennai

State Bank of India, Bangalore

The Karur Vysya Bank Limited, Bangalore

**Registered Office**

"MAITHRI", 132, Cathedral Road,

Chennai - 600 086.

Phone : (044) 28112472

Fax : (044) 28112449

Email : investorservices@rane.co.in

**Head Office**

"Glendale", 5, Nobel Street, Post Box No. 1305,

Alandur, Chennai - 600 016, Tamilnadu.

**Plants**

1. Post Box No.4, Redhills Road, Madhavaram, Ponneri - 601 204, Tamilnadu.
2. Plot No. 68 to 77, Industrial Estate, Medchal - 501 401, R.R District, Andhra Pradesh
3. Survey No. 177/20, Hyderabad-Vikarabad Road, Aziz Nagar - 500 075, R.R District, Andhra Pradesh
4. Survey Nos. 109, 111 & 121, Seniapatti, Kasavanur Village, Viralimalai Union, Pudukottai District, 621 316, Tamilnadu.
5. Plot No.26, 1st Phase, Peenya industrial Area, Bangalore 560 058, Karnataka.
6. Plot No.36B & 37, Hirehalli Industrial Area, Tumkur 572 168, Karnataka.

**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 : corpserv@integratedindia.in



# REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their forty third Annual Report together with the accounts for the year ended March 31, 2015.

## 1. State of Company's affairs

### 1.1 Financial Performance

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

(Rs. in Crores)

Particulars	2014-15	2013-14
Sales and Operating Revenues	395.18	265.92
Other Income	4.05	1.03
Profit Before Tax (PBT)	31.46	(43.56)
Provision for tax :		
Current	2.14	-
MAT Credit entitlement	(2.14)	-
Deferred	7.98	(14.47)
Profit After Tax (PAT)	23.48	(29.09)
Surplus / (Deficit) brought forward	(15.43)	13.66
Amount available for appropriation	9.01*	(15.43)

\* includes Rs. 0.96 crores addition pursuant to Merger

Key performance indicators, operational performance and balance sheet summary are furnished in Page No. 4 of this Annual Report.

The net sales and operating revenue of the Company was at Rs. 395.18 crores as against Rs. 265.92 crores in the previous year. The Company incurred a net profit of Rs. 31.46 crores as against loss of Rs. 43.56 crores in the previous year.

There was no change in nature of business during the year. The Company is a subsidiary company of Rane Holdings Limited (RHL / holding company). The Company does not have any subsidiary, associate or joint venture.

## 2. Appropriation

Out of the profit available for appropriation of Rs. 9.01 crores, the directors have recommended a dividend of 25%. The total dividend amount inclusive of distribution tax and surcharge thereon would be Rs. 2.02 crores. After transfer of Rs. 4.97 crores to the general reserve, Rs. 2.02 crores has been retained as surplus in the Profit and Loss Account.

## 3. Management Discussion & Analysis

Your Company is engaged in the manufacturing and marketing of components for transportation industry viz., engine valves, valve guide, tappet, pistons, seat inserts and stem seals. A detailed analysis on the performance of the industry, the Company, internal control systems, risk management policy are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as 'Annexure A'.

## 4. Amalgamation

The Hon'ble High Court of Judicature at Madras vide its order dated February 26, 2015 has sanctioned the Scheme of Amalgamation of Kar Mobiles Limited (KML) with Rane Engine Valve Limited (Scheme) under Sections 391 to 394 of the Companies Act, 1956. Consequent to Scheme coming into force all the assets and liabilities of KML have been transferred and vested with the Company effective April 1, 2014, being the appointed date for the scheme. KML was dissolved without being wound up as on effective date April 01, 2015 and authorized share capital of KML has been vested with the company.

In consideration of the Scheme, the Board of directors, on May 04, 2015, allotted 15,68,000 equity shares of Rs. 10/- each fully paid up in the ratio of 7:10 i.e. 7 fully paid up shares of equity shares of the company for every 10 equity shares of KML, to the equity shareholders of KML whose name appear in the register of members as on April 28, 2015 (Record Date).

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.

## 5. Board of Directors

### 5.1 Composition

The composition of the Board of Directors of the Company is furnished in the Corporate Governance Report annexed to this report.

The Company has issued a letter of appointment to all independent directors and the terms and conditions of their appointment have been disclosed on the website

of the Company and available at <http://rane.co.in/pdf/investors/revl/revltermsid.pdf>

In terms of section 149 of the Companies Act, 2013 (Act), Mr Ashok Malhotra, Mr C N Srivatsan, Mr R V Raghavan and Mr Krishna Kumar Seshadri, Independent Directors were appointed by the shareholders at the 42nd Annual General Meeting (AGM) held on July 24, 2014, for a period of three years to hold office from the conclusion of the 42nd AGM till the conclusion of 45th AGM. Dr. Brinda Jagirdar was co-opted to the Board as an additional director in the capacity of independent director on October 24, 2014. The Board has recommended the appointment of Dr. Brinda Jagirdar as independent director effective October 24, 2014 till the conclusion of 46<sup>th</sup> AGM. Notice has also been received from a member signifying his intention to propose her appointment as independent director of the Company at the ensuing AGM. The appointment of Dr. Brinda Jagirdar also fulfils the criteria of appointment of woman director on the Board under Section 149(1) of the Companies Act, 2013 and clause 49 of the listing agreement.

All the independent directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the listing agreement.

## 5.2 Retirement by rotation

At the ensuing AGM, Mr Harish 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.

## 5.3 Board Meetings

A calendar of meetings is prepared and circulated in advance to the directors. During the year five (5) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening period between two consecutive meetings was within the period prescribed under the Companies Act, 2013.

## 5.4 Meeting of Independent Directors

During the year, one separate meeting of Independent Directors was held. All the Independent Directors were present at this meeting. In the said meeting, the Independent Directors assessed the quality, quantity and timeliness of flow of information between the management and the Board and expressed that the current flow of information and contents were adequate for the board to effectively perform its duties.

## 6. Board and Management

### 6.1 Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and clause 49 of the listing agreement, the annual evaluation of the Board, its committees and directors individually is carried out as per the criteria laid down by

the Nomination and Remuneration Committee.

The evaluation of Board and its committees are founded on the structure, composition, effectiveness in terms of roles and responsibilities and processes encompassing the information flow and functioning. The guiding standards for the assessment of performance of directors (including the independent directors) are their attendance and participation at board meetings, sharing of their relevant domain expertise, networking in other forums, their strategic inputs and demonstration towards governance compliances.

For evaluation of performance of the Chairman additional aspects like institutional image building, providing guidance on strategy and performance, maintaining an effective and healthy relationship between the Board and the management are taken into consideration. The evaluation methodology is comprehensive and commensurate with the size of the Board and the Company.

### 6.2 Familiarisation program for independent directors

The company has framed a familiarization program for independent directors which has been put up on the website and available at <http://rane.co.in/raneenginevalve/revlinvestors.html>

### 6.3 Key Managerial Personnel

Mr L Ganesh, Chairman and Managing Director, Mr B Suresh Kumar, General Manager – Finance and Mr V Subramani, Secretary, hold the office of Key Managerial Personnel as Managing Director, Chief Financial Officer and Secretary respectively.

### 6.4 Remuneration policy

The policy on appointment, remuneration and evaluation criteria for Directors and Senior Management is as per the recommendations of the Nomination and Remuneration Committee of the Board. The Company recognizes that compensation is a strategic lever in the achievement of vision and goals. The compensation philosophy is designed to attract, motivate and retain talented employees who drive the company's success and it aims at aligning compensation to goals of the company, performance of the individual, internal equity, market trends and industry practices, legal requirements and appropriate governance standards.

The remuneration to Directors, Key Managerial Personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Nomination and Remuneration Committee recommends the remuneration of Directors and senior management of a group, which is approved by the Board of Directors, subject to the approval of shareholders, where necessary.

## 7. Audit

### 7.1 Audit Committee

In terms of the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the listing agreement, the Audit Committee of the Board was re-constituted to act in accordance with terms of reference prescribed therein. Detailed disclosure on compositions, terms of reference and meetings of the Audit Committee are furnished in the Corporate Governance Report.

### 7.2 Statutory Auditors

M/s. Brahmayya & Co., Chartered Accountants were appointed as Statutory Auditors at the last (forty second) AGM held on July 24, 2014, for a period of three years from the conclusion of the forty second AGM until the conclusion of the forty fifth AGM, subject to ratification by members at every AGM.

The Company has received letter from the Statutory Auditors consenting to the re-appointment and a confirmation to the effect that their appointment, would be within the prescribed limits and that they do not suffer from any disqualifications under Section 141 of the Companies Act, 2013 and the rules made thereunder. M/s Brahmayya & Co. have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India. The Statutory Auditors Report does not contain any qualification, reservation, adverse remark or disclaimer.

### 7.3 Cost Auditors

Pursuant to section 148 of the Companies Act, 2013 and subject to notification of rules thereunder, the board of directors on the recommendation of the audit committee appointed M/s Jayaram & Associates, Cost Accountants, as the cost auditors of the Company for the financial year 2014-15. However, as per Companies (Cost Records and Audit) Rules, 2014 notified by Ministry of Corporate Affairs (MCA) on June 30, 2014 cost audit is not applicable to the Company by virtue of its turnover being less than the prescribed limits. Therefore, the Board did not proceed with the appointment of cost auditor and cost audit for the year 2014-15.

However, the Companies (Cost Records and Cost Audit) Amendment Rules, 2014 amended and notified by MCA on December 31, 2014, covers the product – Valves - Inlet & Exhaust, Valve Guides & Valve Tappets manufactured by the Company, with effect from the financial year 2015-16. The Board of directors at their meeting held on May 22, 2015 have appointed M/s. Jayaram & Associates, Cost Accountants, as the cost auditors of the Company for the financial year 2015-16 as per the recommendations of the Audit Committee.

### 7.4 Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s S Krishnamurthy & Co., a firm of Company Secretaries in practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2014-15 is annexed herewith as 'Annexure B'. The report does not contain any qualification, reservation, adverse remark or disclaimer.

### 7.5 Internal Auditors

The Company continues to engage M/s Capri Assurance and Advisory Services, a firm of independent assurance service professionals, as Internal Auditors of the Company. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on a regular basis to improve efficiency in operations.

## 8. Directors' responsibility statement

In terms of Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, the directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that they had:

- (i) Followed the applicable accounting standards in the preparation of the financial statements for the financial year 2014-15 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 Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities and;
- (iv) Prepared the financial statements for the financial year on a 'going concern' basis;
- (v) Laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively.

(vi) Devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

#### 9. Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with related parties which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee as also before the Board for approval. Prior omnibus approval of the Audit Committee is obtained for transactions, which are in the normal course of business and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The Company has put in place proper system for identification and monitoring of such transactions. The policy on related party transactions as approved by the Board is uploaded on the Company's website <http://rane.co.in/pdf/policies/revlrpt.pdf>. None of the Directors or Key Managerial Personnel or Senior Management Personnel has any material financial and commercial transactions, where they have personal interest, that may have potential conflict with interest of the company at large.

#### 10. Corporate Social Responsibility

The vision on Corporate Social Responsibility (CSR) is **"To be a socially and environmentally responsive organization committed to improve quality of life within and outside"**. The CSR activities of Rane Group focus on four specific areas such as (a) Education (b) Healthcare (c) Community Development and (d) Environment.

The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee comprising of Mr L Lakshman, Committee Chairman, Mr L Ganesh, Managing Director and | Mr S Krishna Kumar, an independent director.

The Annual Report on CSR activities carried out during the year 2014-15 is annexed as **'Annexure C'**.

#### 11. Fixed Deposits

Deposits outstanding as on March 31, 2015 amounted to Rs.6.21 crores. All deposits that matured during the year were repaid. The Company has not defaulted in repayment of any fixed deposits or any interest thereon. The Company had discontinued accepting or renewing the fixed deposits with effect from April 1, 2014 and has

not accepted deposits falling within the ambit of Section 73 of the Companies Act, 2013.

The Board was of the view that the premature and compulsory repayment of the fixed deposits prior to the date of maturity would cause inconvenience to the depositors. Also considering the age profile of our depositors that include many senior citizens, the Board felt that compulsory premature repayment of their deposits would abruptly result in the loss of regular interest payments to these depositors. Keeping the interests of the deposit-holders in mind, in terms of Section 74 (2) the Company has filed an application before Company Law Board (CLB), to repay the deposits on their respective maturity dates in accordance with the terms of acceptance of such deposits. Approval of CLB is awaited.

#### 12. Energy conservation, technology absorption and foreign exchange earnings and outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **'Annexure D'**.

#### 13. Particulars of Directors, KMP and Employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of directors, KMP and employees of the Company are provided in the Annual Report. Having regard to the provisions of first proviso to sub-section (1) of Section 136 of the Act, the Annual Report excluding the aforesaid information is sent to the members. The said information is available for inspection by the members at the registered office during business hours on a working day of the Company up to the date of the ensuing Annual General Meeting. The full annual report including the aforesaid information is being sent electronically to all those members who have registered their e-mail address and is available on the Company website <http://rane.co.in/raneenginevalve/raneenginevalveinvestors.html>.

#### 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 E'**.

#### 15. Other disclosures

(a) Details of loan, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

- (b) The internal control systems and adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Directors Report.
- (c) There was no significant material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.
- (d) The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **'Annexure F'**.
- (e) The Company has established a formal vigil mechanism named "Rane Whistle Blower Policy" for reporting improper or unethical practices or actions which are violative of the code of conduct of the Company. There was no instance reported during the year under review through this mechanism.
- (f) The Company believes that women should be able to do their work in a safe and respectful environment that encourages maximum productivity. The Company has a zero tolerance towards sexual harassment. The Company has adopted a policy on prevention of sexual harassment of women at work place and put in place proper mechanism across the Company. There was no case reported during the year under review through this mechanism.

For and on behalf of the board

**HARISH LAKSHMAN**  
Vice - Chairman

**L GANESH**  
Chairman & Managing Director

Chennai  
May 22, 2015



Annexure - A to the Report of the Board of Directors

# Management Discussion and Analysis

## Overview:

**Rane Engine Valve Limited (REVL)** is a manufacturer of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors, stationary engines, railway and marine engines and two / three wheelers. The Company operates in single reportable business segment viz. components for internal combustion engine industry applicable for stationary and transportation engine applications.

## Amalgamation of Kar Mobiles Limited

Kar Mobiles Limited (KML), one of the Rane group companies engaged in the manufacture of medium and large engine valves for applications in internal combustion engines for the transportation industry, was amalgamated with the Company with effect from April 1, 2014 as the Appointed Date, after obtaining all the regulatory, legal and other statutory approvals. The amalgamation is expected to benefit the Company in consolidating and synergising its business operations. The Company expects that the amalgamation would result in developing the potential for further growth and expansion of businesses. The results of the Company include the consolidated operations and financials of KML also.

## Industry Structure, Developments & Performance

Overall vehicle production grew by 8% in volume, driven by positive market sentiments during the second half of the year. M&HCV, MUV, 3 & 2-wheelers have all registered double digit growth, while Passenger Cars reported 5% growth. However, MPV, LCV, SCV and FT numbers declined significantly over previous year.

## Industry Growth

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

Industry Segment - YoY (Production figures)	2014-15	2013-14
Vehicles	YoY Change	YoY Change
Passenger Cars (PC)	5%	-5%
Utility Vehicles (MUV)	12%	-1%
Vans (MPV)	-12%	-18%
Small Commercial Vehicles (SCV)	-20%	-25%
Light Commercial Vehicles (LCV)	-4%	-4%
Medium & Heavy Commercial Vehicles (M & HCV)	21%	-21%
3 - Wheelers	14%	-1%
2 - Wheelers	10%	7%
Farm Tractors (FT)	-11%	27%

Source: Society of Indian Automobile Manufacturers

## Market & Product Summary

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

Market	2014-15	2013-14	Growth in %
OEM	203.18	148.95	36%
Aftermarket	52.86	28.98	82%
Railways	10.36	-	100%
Defence	3.63	-	100%
Exports	117.54	81.21	45%
<b>Total</b>	<b>387.57</b>	<b>259.14</b>	<b>50%</b>

Note : While 2013-14 sales pertains to REVL pre-merger 2014-15 sales pertains to post amalgamated entity.

Automotive OE production in 2 Wheeler and Medium and Heavy commercial vehicles registered a significant growth followed by Passenger Car & MUV segments. The Company had a positive growth both in the OEM and Aftermarket segments, mainly driven by the significant growth in 2 Wheeler segment. Also the Company's new product lines helped in registering a positive growth in the Aftermarket. The Railways business also had an upswing but this may not sustain over the medium term.

While the amalgamated entity shows growth in exports, there was a decline in exports in the REVL standalone entity by 12% due to a major customer's program(s) coming to an end. However, your company continues to focus on export markets for profitable growth, by adding new customer accounts and this should enhance export sales in the next two years and beyond.

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

Market	2014-15	2013-14	Growth in %
Automotive Engines	278.22	233.31	19%
Other engines	109.35	25.83	323%
<b>Total</b>	<b>387.57</b>	<b>259.14</b>	<b>50%</b>

## Operational and Financial Performance

### Financial Review:

The net sales of the Company was at Rs. 387.57 crores, which was higher by 50% when compared to the previous year.

In respect of the existing business before amalgamation, the Company made an operating loss (before exceptional items) of Rs. 12.78 crores compared to an operating loss (before exceptional items) of Rs. 3.29 crores last year. However, including the exceptional item (sale of land), the profit before tax was Rs. 31.12 crores.

The medium and large valve division, which came into fold after amalgamation of KML, made a profit before tax of Rs. 0.34 crores compared to a profit before tax of Rs. 2.07 crores last year.

### Operations and Manufacturing Review:

Your company has invested in R&D in terms of enhancing design and validation capability and process technology. This will continue in the coming years as well, in-line with its vision to be a 'solution provider' to its customers' needs. This enables the company to delight customers with its products and solutions and become the preferred solution provider.

The newer emission norms & power increase demand higher temperature resistance material. The focus is on high performance materials and special surface coating. The Company developed valves for Euro 6 application and CNG for European and Indian customers.

Further, with proliferation of CNG 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.

Your Company continues to focus on new business growth; the sales from new business is Rs 73.47 crores. Increased new order booking will enable the company to increase its sales in the coming years.

Various cost reduction initiatives undertaken during last year continued this year also.

#### Some of the key initiatives are as follows:

- i) Continuous improvement in existing processes
- ii) Implementation of Robot & Automation. Focus is to modernise and improve the plant performance and is expected to pay-off in the next couple of years.
- iii) The benefit of consolidation of plants has been sustained this year too.
- iv) Your Company continues its good performance on quality with a rejection level less than 10 PPM. The quality system accreditations are:
  - All plants are recertified for ISO/TS 16949: 2009 which reinforces the robustness of quality system
  - 3 plants are re-certified for ISO 14001:2004 which demonstrates the continued focus on environment protection

### Outlook

The market sentiments are looking positive on formation of stable government; however growth is likely from the second half of 2015-16. The Company is closely monitoring the specific initiatives taken by the government for promoting industrial growth.

Being a domestic market leader and with focus towards enhancing market share, strategy is directed towards cost effective technology/product development to meet the demands of new launches of OEMs. The Company would continuously develop and leverage its R&D strengths to ensure "future ready" technology for applications in new generation vehicles.

### Opportunities & Threats

Given the positive industrial climate, the growth of Indian economy is expected to improve to 7.5% of GDP. This could mean recovery and growth in Automobile Industry. This will happen if the infrastructure issues like power, roads and ports are addressed and some flexibility in employment is enabled through labour reforms.

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

The Company's strength continues in the areas of :

- EVL / Group brand name
- Product design and validation capability – ability to propose alternate design to customers
- In-house machine building capability – ability to build customized equipment.
- Potential to leverage group presence across customers
- Diversified segment presence (2W – MHCV; now enhanced to construction, marine and railway applications with the merger of KML into REVL)
- Multi Plant location (offers option of more than one plant option as a de- risk measure)
- Goodwill of the stakeholders towards company

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

- Increased competitive pressure – price
- Entry of ASEAN & Korean suppliers (FTA Agreement), in addition to sourcing from China
- Obsolescence of CI guides, Chill cast iron tappets (PC)
- Unutilized manufacturing capacity globally (Valves); moving spare capacities to India
- OEMs aggressively focusing on spares Market

### Internal Control Systems

The Company has put in place robust internal control system to prevent operational risks through a framework of internal controls and processes. These controls ensure that the business transactions are recorded in a timely and complete manner in the financial records, resources are utilised effectively and the assets are safeguarded.

The internal audit function is outsourced 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 internal audit findings are placed before the Audit Committee at each of its quarterly



meeting for review. The management's responses and counter measures are discussed in the Audit Committee meetings. This process ensures robustness of internal control system and compliance with laws and regulations including resource utilization and system efficacy.

### **Risk Management**

The Company has laid down well-structured procedures for monitoring the risk management plan and implementing the risk mitigation measures. 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. The top management reviews the strategic risks, the risks with high probability and high impact every quarter and presents its report along with risk mitigation plan to the Board of Directors on half-yearly basis. The strategic risks considered in shaping the annual budgets. 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 strategic risks are taken into consideration in the annual planning process and these risks together with their mitigation plan are subject to review by the management on a quarterly basis. The business processes risks and the related controls would be subjected to internal audit and reviewed on a quarterly basis. 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**

As the Company embarks upon an exciting phase of Profitable Growth, there is increased emphasis on talent management practices with special focus on leadership development that will drive business strategies to achieve the aspirations of all stakeholders. This will be an intense phase, as a variety of challenges will be encountered during this period. Intertwining the human resource with business and people value streams would enable achieve radical growth.

#### **Leadership Development**

**Leadership Framework:** In pursuit of growth goals, the leadership competency framework is revised to significantly improve leadership capability and capacity. Keeping a three to five year horizon in mind, the refreshed framework will aim at strengthening the leadership transition at different levels of the organization. This would mean formulating structured leadership archetypes that facilitates people transition in a continuum of individual contributor to business leader, focusing both on strategic and functional leadership.

#### **High Potential Leadership Development (HPLD)**

18 executives from the middle and senior management participated in the Development Centre as part of the High Potential Leadership Development (HPLD) program; a first of its kind in the Rane.

The objective of the HPLD initiative is to:

- help people understand their strengths, development needs and align career aspirations
- enable promising talent to realize their career aspirations
- staff the critical roles with the right talent
- build a succession pipeline for future

#### **Learning**

**Keep Educating Yourself (KEY):** Towards continuously upgradation the knowledge and skills, the Company has introduced a policy – Keep Educating Yourself (KEY). The purpose is to encourage employees to pursue part-time education and thereby acquire additional qualification / knowledge that will enhance the individual and organizational capabilities.

#### **HR Capability Building**

**Workforce Planning:** Having realised the scope to improve business performance through white collar productivity, the HR team participated in a workshop on Workplace Planning. The objective was to build perspectives on this theme and deploy appropriate tools and techniques for optimum resource utilization.

**HR Boot camp:** The contribution of human resource function to business success lies in imagining and shaping the future, responding to trends and reacting swiftly to unforeseen developments. In order to realize the future growth aspirations, it is important that we have a robust design for the people processes and strong delivery mechanisms.

Driven by this purpose, a boot camp was organised for the human resource fraternity to ignite ideas in the human resource team for driving the people agenda of the organization effectively. Participants were encouraged to appreciate business challenges, enabling shifts in the way of thinking, conceptualizing change and means of implementation.

The Industrial Relations were cordial in the Plants.

#### **Recognition**

Rane Group received an award for 'Talent Management' in 5th Asia's Best Employer Brand Awards 2014. During the year REVL has got the following accreditations:

- a) Won 2nd Place for Kaizen in ACMA (SR)
- b) 4th place in SMED Competition held in February 2015 at Chennai
- c) 6 awards for our QCC teams from QCFI

#### **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 the Report of the Board of Directors

# Secretarial Audit Report for the financial year ended March 31, 2015

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- To
- The Members,  
**Rane Engine Valve Limited,**  
[CIN:L74999TN1972PLC006127]  
"MAITHRI" No.132, Cathedral Road,  
Chennai – 600086
- We have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **M/s. Rane Engine Valve Limited** (hereinafter called "the Company").
- The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.
- Based on our verification of **M/s. Rane Engine Valve Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on March 31, 2015**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.
1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. RANE ENGINE VALVE LIMITED** (the Company) for the **financial year ended on March 31, 2015** according to the applicable provisions of:
    - (i) The Companies Act, 1956, Companies Act, 2013 (the Act) and the rules made thereunder;
    - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
    - (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
    - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
    - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
      - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
      - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
      - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
      - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
      - (e) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  2. We are informed that, for the financial year ended on March 31, 2015:
    - (i) The company was not required to maintain books, papers, minute books, forms and returns filed or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
      - (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
      - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
      - (c) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998.
    - (ii) There are no laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by us for the purpose of this report.

3. We have not examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India as they become applicable only from July 1, 2015.
  4. During the period under review, to the best of our knowledge and belief and according to the information and explanations given to us, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
  5. We further report that:
    - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
    - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings along with agenda were sent at least seven days before the meeting. Agenda and detailed notes on agenda were sent less than seven days before the meeting, since there was no statutory requirement during the year to send them seven days in advance of the meeting.
    - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. We are informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
    - (iv) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- (v) During the audit period:
- (a) The members of the Company have passed a special resolution under section 180(1)(c) of the Act empowering the Board of Directors to borrow moneys provided that the amounts borrowed and outstanding at any point of time (apart from temporary loans from company's bankers in the ordinary course of business) does not exceed Rs.200 crores, over and above the paid-up capital and free reserves of the Company.
  - (b) The Company has voluntarily delisted its equity shares from the Madras Stock Exchange Limited with effect from June 10, 2014.
  - (c) The merger of Kar Mobiles Limited (KML), (CIN: L85110TN1936PLC071646) with the Company with effect from 1<sup>st</sup> April 2014 (appointed date) as per scheme of amalgamation was sanctioned by the Hon'ble High Court of Judicature at Madras on 26<sup>th</sup> February 2015 in Company Petition Nos. 386 & 387 of 2015 under sections 391-394 of the Companies Act, 1956. The merger became operational on April 1, 2015 with the filing of the Court order in Form INC-28. The shareholders of Kar Mobiles Limited were allotted 15,68,000 equity shares of Rs.10/- each, fully paid-up (in the ratio of 7 equity shares of Rs.10/- each, fully paid-up, in the Company for every 10 equity shares held in KML), as consideration for the merger on May 4, 2015.

**For S Krishnamurthy & Co.,**  
Company Secretaries,

**K. Sriram,**  
Partner.

Chennai  
May 22, 2015

Membership No: F6312  
Certificate of Practice No:2215

## Annexure – A to Secretarial Audit Report of even date

To  
The Members,

**Rane Engine Valve Limited,**  
[CIN : L74999TN1972PLC006127]  
“Maithri”, No.132, Cathedral Road,  
Chennai – 600086

**Our Secretarial Audit Report of even date is to be read alongwith this letter.**

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to make a report based on the secretarial records produced for our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. We have obtained the Management’s representation about the compliance of laws, rules and regulations and happening of events, wherever required.
5. Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis. Actions carried out by the Company based on independent legal/ professional opinion obtained have not been considered as non-compliance wherever there was a scope for multiple interpretations, especially since this is first full financial year in which the Companies Act, 2013 has become operational and also on account of the listing agreement undergoing major amendments from October 1, 2014.
6. This Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **S Krishnamurthy & Co.,**  
Company Secretaries,

**K. Sriram,**  
Partner.

Chennai  
May 22, 2015

**Membership No: F6312**  
Certificate of Practice No:2215

## Annexure – C to the Report of the Board of Directors Annual Report on CSR activities

(For the financial year 2014-15)

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

REVL's CSR vision is 'to be a socially and environmentally responsible corporate citizen'.

**Overview of projects implemented during 2014-15:**

REVL's primary focus is

**A. Education**

- i. Institutional Development: Focus on dissemination of knowledge. In this regard, contributions were made to Rane foundation and various Institutions. REVL also focussed at primary government schools for up-liftment and hygienic environment at the respective locations.
- ii. Encouraging meritorious poor students

**B. Community Development – Care to destitutes and poor students**

- i. Providing basic needs to old age home.
- ii. Providing Notebooks and stationery items to poor and needy students.

**C. Environment - Plantation Drives**

- i. Emphasis made on Greenery within the vicinity of our plants.

The policy on CSR recommended by the CSR Committee was approved and adopted by the Board of Directors is available on the website of the Company (web link: <http://rane.co.in/pdf/policies/revlcsr.pdf>).

**2. The Composition of the CSR Committee.**

REVL has constituted a robust governance structure to oversee the implementation of the CSR projects, in compliance with the requirements of Section 135 of the Companies Act, 2013. The CSR governance structure of REVL will be headed by the CSR Committee of the Board of Directors. The CSR Committee of the Board of Directors grants auxiliary power to the Working Committee of the company to act on their behalf.

The members of the CSR committee are:

Board CSR committee	
Mr L Lakshman	Committee Chairman, Non-Executive & Promoter Director
Mr L Ganesh	Member, Executive & Promoter Director
Mr S Krishnakumar	Member, Non-Executive & Independent Director

**3. Average net profit of the company for last three financial years**

(Rs. in Crores)

Particulars	2011-12	2012-13	2013-14
Average Net Profit (as per section 198)	(2.16)		

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : NIL**

**5. Details of CSR spent during the financial year.**

- (a) Total amount to be spent for the financial year : Nil  
 (b) Amount unspent, if any : Not Applicable  
 (c) Manner in which the amount spent during the financial year is detailed below :

	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl.No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs – (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or program. (Sub-heads -1- Direct on projects or program 2- Overheads)	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
(1)	Tree Plantation	Environment	Local Medchal - Industrial Area	5,200	5,200	5,200	Direct
(2)	Awarding Meritorious Students	Education	Local Medchal	2,000	2,000	2,000	Direct
(3)	Providing provisions and medical support to old age home	Community Development	Local Secunderabad	2,000	2,000	5,200	Direct
(4)	Providing Stationary items to the Govt School	Education	Local Ponneri	5,000	5,000	5,000	Direct
(5)	Supporting for Polio Vaccination camp	Health Care	Local Ponneri	5,000	5,000	5,000	Direct
(6)	Providing one month Provision for home	Community Development	Local Trichy	11,000	11,000	11,000	Direct
(7)	Providing Bed Sheets and Pillows for Old Age Home	Community Development	Local Manapparai	15,000	15,000	15,000	Direct
(8)	Providing uniforms and Shoes to under privileged students	Education	Local Nanmangalam	12,000	12,000	12,000	Direct
(9)	Institutional Development – KML	Education	Tamilnadu Trichy	7,00,000	7,00,000	7,00,000	Implementing Agency: Rane Foundation
(10)	Capacity Building			80,000	80,000	80,000	Direct
			Total	8,40,400	8,40,400	8,40,400	

- 6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report :** Not Applicable

**Responsibility statement of the CSR Committee.**

The implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies. The Board of the company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. We have undertaken and implemented these projects with careful consideration and these projects are aligned with our vision as provided in our CSR Policy. In line with the requirements of the Companies Act, 2013, we have also instituted monitoring mechanisms to ensure the projects go on smoothly as planned.

**L LAKSHMAN**

Chairman, CSR Committee

**L GANESH**

Chairman &amp; Managing Director

Chennai

May 22, 2015



Annexure D to the Report of the Board of Directors

# Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to provisions of section 134 of the Companies act, 2013 read with the Companies (Accounts) Rules, 2014.

## CONSERVATION OF ENERGY

### Steps taken or impact on conservation

- 27 energy saving projects have been implemented
- 3,99,773 units have been saved through these energy saving projects
- Rs. 35,28,022 have been saved.

### Utilising alternate sources of energy

- 9,77,431 units have been utilized from TPP
- 18,43,797 Units have been utilized from Windmill

### Capital investment in energy conservation equipment

- Capital investment of Rs 29,77,677 has been invested for the above projects with the payback period of about 1 year.

## RESEARCH AND DEVELOPMENT (R & D)

### Efforts towards technology absorption

- In-house R&D infrastructure for materials engineering, engine testing and rig test
- Innovate new materials / process for valve technology to meet the engine demands.
- Focus on light weighting, friction & wear reduction.

### Benefits derived (product improvement, cost reduction, product development or import substitution)

- High performance low cost material alternate for valves
- Improved surface coating solution to reduce wear
- Light weight valves developed for improved power & fuel efficiency.

### Imported Technology – details, year of import, whether fully absorbed, if not – reasons thereof

Technology imported	Year of import	Has the technology been fully absorbed	Where technology not fully absorbed reason and future plan of action.
Nil	Nil	Nil	Nil

### Research and Development expenditure incurred:

(Rs. in Crores)

	Particulars	2014-15	2013-14
A	Capital expenditure	1.35	0.25
B	Recurring expenditure	1.20	0.72
<b>C</b>	<b>Total</b>	<b>2.55</b>	<b>0.97</b>
D	Total R & D expenses as a percentage of total turnover	0.65%	0.26%

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

- New Materials and Coating process

### Benefits derived as a result of R & D

- Won the exports business & its customers such as BMW & Renault.

### Future plan of action

- Provide valve solution with improved product performance in line with changing engine trends.

### Foreign Exchange Earnings and Outgo

(Rs. in Crores)

Foreign Exchange	2014-15	2013-14
Earnings	113.95	78.46
Outgo	39.87	17.93



## Annexure E to the Report of the Board of Directors

# Corporate Governance Report

### 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. Directors code of conduct and employee behaviour is nourished by this culture and is governed through a policy document "Ethical Standards of Behaviour – RANE COMPASS".

Our belief in good corporate citizenship enshrined in the Company's Code of Conduct, its policies, compliance with law and robust internal control systems, which are subjected to regular assessment drives its effectiveness, reinforces integrity of management and fairness in dealing with all the stakeholders. This meets with all statutory and regulatory compliance including Clause 49 of the Listing Agreement.

### 2. Board of Directors

#### Composition, Attendance & Meetings

As of March 31, 2015, the Company has eight directors with an executive chairman and majority being

independent directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with stock exchanges. The directorships held by the directors are within the limits prescribed under Section 165 of the Companies Act, 2013. 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, 2015 have been made by the directors.

The Board met five (5) times during the financial year on May 20, 2014, July 24, 2014, October 24, 2014, January 21, 2015 and March 24, 2015. 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 in other companies and committee chairmanships / memberships in public companies held by them are given below:

Name of the Director (DIN)	Category	No. of board meetings attended	Whether attended last AGM	Number of Directorship in other public limited companies #		Number of Committees @	
				Chairman	Member	Chairman	Member
Mr L Ganesh (00012583)	Executive Chairman & Promoter	5	Yes	3	4	1	5
Mr Harish Lakshman (00012602)	Vice-Chairman, Non-Executive & Promoter	5	Yes	-	7	2	1
Mr L Lakshman (00012554)	Non-Executive & Promoter	4	Yes	1	5	1	4
Mr R Jagannath <sup>&amp;</sup> (00029184)	Non-Executive & Independent	1	No	NA			
Mr Ashok Malhotra (00029017)	Non-Executive & Independent	3	No	-	-	-	-
Mr C N Srivatsan (00002194)	Non-Executive & Independent	5	Yes	-	1	1	2
Mr R V Raghavan (01754139)	Non-Executive & Independent	5	Yes	-	2	-	1
Mr S Krishna Kumar (00062582)	Non-Executive & Independent	5	Yes	-	-	-	1
Dr. Brinda Jagirdar* (06979864)	Non-Executive & Independent	3	No	-	1	1	-

# Excludes foreign companies.

@ Membership in Audit Committee and Stakeholder Relationship Committee of public limited companies only is considered as per clause 49 of the Listing Agreement.

& Mr R Jagannath ceased to hold office as director from July 24, 2014

\* Dr Brinda Jagirdar was appointed as an additional director (independent capacity) on October 24, 2014. Her appointment also fulfils criteria of appointment of woman director under section 149(1) of Companies Act, 2013 and clause 49 (II) (A) (i) of the Listing Agreement.

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

The information as required under Annexure X 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 proceedings of the meetings of other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, etc. are placed before the board of directors.

Annual calendar for the Board and its committee meetings is circulated in advance to the directors, to facilitate them in attending the meetings. The directors are provided with detailed agenda for 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.

The disclosure regarding meeting of independent directors, Board and directors performance evaluation are discussed in detail in the Directors Report.

The familiarisation programme to the independent directors are disclosed in the website of the Company and is available at <http://rane.co.in/raneenginevalve/revlinvestors.html>

### 3. Audit Committee

#### Composition & Attendance:

The composition of Audit Committee as on March 31, 2015 is as follows:

Name of the Director	Category
Mr C N Srivatsan	Chairman, Non-Executive & Independent
Mr L Lakshman	Member, Non-Executive & Promoter
Mr Ashok Malhotra	Member, Non-Executive & Independent
Mr S Krishna Kumar	Member, Non-Executive & Independent

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

During the year Audit Committee was reconstituted due to cessation of office of Mr R Jagannath with effect from July 24, 2014. Mr S Krishna Kumar was inducted as Member of Audit Committee with effect from July 24, 2014.

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

The committee met four times during the year on May 20, 2014, July 24, 2014, October 24, 2014 and January 21, 2015.

Name of the Director	No. of Meetings Attended
Mr L Lakshman	3
Mr C N Srivatsan	4
Mr Ashok Malhotra	2
Mr S Krishna Kumar	3
Mr R Jagannath	1

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. All the recommendations of the Audit Committee during the year, were considered, accepted and approved by the Board.

#### Overall purpose and terms of reference

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 internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

The terms of reference of the Audit Committee are as per the provisions of the listing agreement read with Section 177 of the Companies Act, 2013. In line with these provisions the Company has framed an Audit Committee Charter, which is subject to regular review by the Audit Committee.

The roles of the Audit Committee inter-alia, includes, review of:-

- Quarterly / annual financial statements with statutory auditors and management before submission to the Board.
- Internal control systems, findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Internal audit function, internal audit reports relating to internal control weaknesses and functioning of whistle blower mechanism.
- Management discussion and analysis of financial condition, results of operation, financial and risk management policies of the Company.
- Defaults, if any, in payments to depositors, shareholders / creditors and the status of the inter-corporate loans and investments for scrutiny in detail.
- Approve related party transactions, including any subsequent modifications thereto

- Compliance with listing and other legal requirements relating to financial statements
- Changes, if any, in accounting policies and practices and reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of the audit findings.
- Valuation of undertakings or assets of the company, as and when required

As per the charter and the terms of reference, the Audit Committee, also:

- Recommends appointment of auditors and their remuneration and approves the appointment of CFO
- Discusses the scope of audit and post-audit area of concern and qualifications, if any, with statutory auditors / internal auditors.

In compliance with clause 41 of the Listing Agreement, the audit committee reviews the quarterly unaudited financial results and annual audited financial results of the Company. The quarterly unaudited financial 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 The Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

The audit committee also reviews all mandatory information under clause 49 of the Listing Agreement.

#### 4. Nomination and Remuneration Committee (NRC)

##### Composition & Attendance of Meetings:

The Nomination and Remuneration Committee (NRC) constituted by the Board in terms of Section 178 of the Companies Act, 2013 and the Rules notified thereunder and clause 49 of the Listing Agreement, comprises of the following directors as its members:

Name of the Director	Category
Mr Ashok Malhotra	Chairman, Non-Executive & Independent Director
Mr L Lakshman	Member, Non-Executive & Promoter Director
Mr C N Srivatsan	Member, Non-Executive & Independent Director

The Committee met one (1) time during the year October 24, 2014.

Name of the Director	No of Meetings Attended
Mr Ashok Malhotra	1
Mr L Lakshman	1
Mr C N Srivatsan	1

##### Terms of Reference:

- To formulate criteria for determining qualifications, positive attributes and independence of director

and evaluation of Independent Directors and the Board.

- To formulate policies for remuneration of Directors, Key Managerial Personnel, Senior Management Personnel who are Functional Heads one level below the Board.
- To devise policy on Board diversity
- To identify persons for the position of Director, Key Managerial Personnel, Senior Management Personnel who are Functional Heads one level below the Board.
- To recommend to the Board on appointment / removal of Directors, Key Managerial Personnel, Senior Management Personnel who are Functional Heads one level below the Board.
- To evaluate the performance of Directors (other than Independent Directors) and make recommendation to the Board and Key Managerial Personnel, Senior Management Personnel who are Functional Heads one level below the Board, as a team.

##### Remuneration Policy

The remuneration policy of the Company is discussed in the report of the Board of Directors.

##### Details of remuneration to Directors

During the year 2014-15, the Company has paid sitting fees of Rs. 20,000 per meeting to the non-executive directors for each Meeting of the Board & Audit Committee and Rs. 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.

No sitting fee is paid to Mr L Ganesh, Chairman and Managing Director for attending the meetings of the board or other committees of the board. However, during 2014-15, for those board meetings of erstwhile Kar Mobiles Limited (KML) attended by Mr L Ganesh, he had been paid sitting fees. All other Directors are paid sitting fee for attending the Board and other Committee meetings. The details of sitting fees paid to the directors for the year ended March 31, 2015 are as follows:

Name of the Director	REVL - Sitting Fees (Rs.)	KML- Sitting Fees
Mr L Ganesh	Nil	82,500
Mr L Lakshman	1,45,000	1,22,500
Mr R Jagannath	40,000	Nil
Mr Ashok Malhotra	85,000	Nil
Mr Harish Lakshman	1,05,000	Nil
Mr C N Srivatsan	1,85,000	1,60,000
Mr R V Raghavan	1,00,000	Nil
Mr S Krishna Kumar	1,60,000	80,000
Dr Brinda Jagirdar	60,000	Nil

Mr K P Balasubramaniam and Mr V Ramachandran, Directors of the erstwhile KML were paid sitting fees of Rs. 1,60,000/- and Rs. 40,000/- respectively.

Number of Shares held by the Directors:

Name of the Director	No. of Shares held
Mr L Ganesh	85*
Mr L Lakshman	50
Mr Harish Lakshman	50

\* 35 equity shares has been allotted pursuant to Scheme

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

#### Remuneration to Managing Director:

Mr L Ganesh is paid remuneration by way of commission in his capacity as "Managing Director", as per the terms approved by the shareholders at the 42<sup>nd</sup> Annual General Meeting of the Company held on July 24, 2014. The shareholders have approved the payment of Commission, up to maximum of 5% of net profits of the Company to Mr L Ganesh, till March 31, 2017, as remuneration.

Considering that there is no profit, calculated as per Section 198 of the Companies Act, 2013, no commission would be payable to Mr L Ganesh, Chairman and Managing Director for the financial year 2014-15. 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.

#### 5. Stakeholders Relationship Committee

##### Composition & Attendance of Meetings:

The Stakeholders Relationship Committee has been constituted pursuant to Section 178 of the Companies Act, 2013 and as per the requirements under clause 49 of the Listing Agreement, to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner. The following are its members:

Name of the Director	Category
Mr Ashok Malhotra	Chairman, Non-Executive & Independent
Mr L Ganesh	Member, Executive & Promoter
Mr C N Srivatsan	Member, Non-Executive & Independent

Company Secretary is the compliance officer of the company

The Committee met two (2) times during the year on October 24, 2014 and January 21, 2015

Name of the Director	No of Meetings Attended
Mr Ashok Malhotra	2
Mr L Ganesh	2
Mr C N Srivatsan	2

During the year, the Company received total of 3 complaints from the investors and all of them were disposed of. These complaints pertain to non-receipt / loss of share certificates, non-receipt of dividend warrant and non-receipt of correspondences. One of the above-mentioned complaints was received from SEBI Complaints Redress System (SCORES). Action taken report, as required under SCORES has been duly submitted. During the year, no complaint was received from Ministry of Corporate Affairs (MCA). There is no investor complaints pending unresolved at the end of the financial year 2014-15.

#### 6. Corporate Social Responsibility (CSR) Committee

The CSR activities of the Company focus on four specific areas such as (a) Education (b) Healthcare (c) Community Development and (d) Environment. The CSR Policy was reviewed by the Board at its meeting dated May 20, 2014.

The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee comprising of:

Name of the Director	Category
Mr L Lakshman	Chairman, Non-Executive & Promoter
Mr L Ganesh	Member, Executive & Promoter
Mr S Krishna Kumar	Member, Non-Executive & Independent

The Committee met two (2) times during the year May 20, 2014 and October 24, 2014.

Name of the Director	No. of meetings Attended
Mr. L Lakshman	1
Mr. L Ganesh	2
Mr. S Krishna Kumar	2

The terms of reference of the Committee are as follows

1. Formulate and recommend CSR Policy, for approval of the Board
2. Approve projects that are in line with the CSR policy
3. Have monitoring mechanisms in place to track the progress of each project
4. Recommend the CSR expenditure to the Board of the company for approval
5. Review new proposals and existing projects' status

The report on CSR projects undertaken during the year 2014-15 as approved by the CSR committee in consultation with the Board is annexed to Report of the Board of Directors.

## 7. Code of Conduct

The board of directors has laid down a code of conduct i.e. "Ethical Standards of Behaviour – RANE COMPASS" for all board members and employees of the Company in furtherance of its emphasis towards good Corporate governance practices. The same has been posted on the website of the Company and is available at <http://rane.co.in/pdf/policies/coc.pdf>. The board members and senior management personnel have affirmed their compliance with the code of conduct. Declaration from the Chairman & Managing Director of the Company to this effect forms part of this report.

### Prevention of Insider Trading

The board of directors have formulated "Rane Code to regulate, monitor and report trading by insiders and practices and procedures for fair disclosure of unpublished price sensitive information" in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 to prevent misuse of any unpublished price sensitive information and prohibit insider trading activity. The code of fair disclosure practices and procedures for unpublished price sensitive information is available at <http://www.rane.co.in/pdf/policies/revlcfcd.pdf>.

## 8. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special resolutions passed	Time	Venue
July 24, 2014 (42 <sup>nd</sup> AGM)	Approval of borrowing powers of the Board u/s 180(1) (c) of the Companies Act, 2013.	10.15 am	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.
July 22, 2013 (41 <sup>st</sup> AGM)	No Special resolution was passed	10.15 am	
July 23, 2012 (40 <sup>th</sup> AGM)	No Special resolution was passed	10.15 am	

In connection with the Scheme of Amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited (Scheme), a Postal Ballot / e-voting was conducted for seeking approval of the Public shareholders (other than Promoter and Promoter Group shareholders) of the Company, in terms of SEBI Circular CIR/CFD/DIL/8/2013 dated May 21, 2013 and pursuant to Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014.

### Procedure for the postal ballot, in brief:

- The Working Committee of the Board of Directors at their meeting held on September 22, 2014 appointed Mr R Balasubramaniam, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot / e-voting process in a fair and transparent manner.

- Postal Ballot notices were dispatched to all the members on October 7, 2014 for conducting the voting in respect of resolutions as set out in the notice dated September 22, 2014. The cut-off date for determining voting rights was Friday, September 19, 2014.
- The Company had also provided the option of e-voting through the NSDL platform, thereby giving the members the option to cast their votes electronically.
- The voting under the postal ballot was kept open from October 8, 2014 (09.00 a.m. IST) to November 6, 2014 (06.00 p.m. IST) (either physically or through electronic mode).
- Particulars of all the postal ballots received from the Members have been entered in a register separately maintained for the purpose. The postal ballot were kept under the safe custody of the Scrutinizer.
- All postal ballot forms received / receivable up to the close of working hours on Thursday, November 6, 2014 the last date and time fixed by the Company for receipt of the forms, were considered by the Scrutinizer and those received subsequently were rejected.
- Mr A Jeenasenan, Chairman appointed for the court convened meeting announced the combined results of the Postal ballot and e-voting on November 12, 2014.

Sl No	Particulars	E-voting		Postal ballot forms		Total	
		Nos	No of votes/ shares	Nos	No of votes/ shares	Nos	No of votes/ shares
1	Total votes cast	40	7,22,223	101	2,77,641	141	9,99,864
2	Less Invalid votes	0	0	0	0	0	0
3	Net valid votes	40	7,22,223	101	2,77,641	141	9,99,864
4	Total votes favoring the resolution	38	7,22,221	99	2,77,589	137	9,99,810
5	Total votes against the resolution	2	2	2	52	4	54

% of votes in favor of the resolution : 99.9946

% of votes against the resolution : 0.0054

No other special resolutions were passed by Postal Ballot during the Financial Year 2014-15.

### Court Convened Meeting:

Pursuant to Section 391-394 of Companies Act, 1956, the Hon'ble High Court of Judicature at Madras through an order dated September 9, 2014, directed to convene a meeting of the equity shareholders of the Company on November 12, 2014 for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme. The equity shareholders of the company unanimously approved the Scheme at the court convened meeting.



## 9. Disclosures

1. During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives or subsidiaries etc., which were in conflict with the interests of the Company. The details of the related party transactions as per AS18 as stated in note 32 of the financial statements have been reviewed / approved by the Audit Committee. The policy on Related Party Transaction is available on the website of the Company viz. URL: <http://rane.co.in/pdf/policies/revlrpt.pdf>
2. 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 on such matters during the last three years.
3. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.
4. The Company has put in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
5. The Company has complied with all the mandatory requirements prescribed under revised clause 49 of the listing agreement.  
The Company has complied with the following non-mandatory requirements:-
  - i. adopting best practices to ensure a regime of unqualified financial statements.
  - ii. individual communication of half-yearly results to shareholders
  - iii. the Internal Auditor directly reports to the Audit Committee
6. To comply with all laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal standards, 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. During the year, the company electronically integrated the STACK through an online platform (e-STACK) to improve

the compliance management system and its efficiency. 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.

7. The Company does not have any material listed/unlisted subsidiary companies as defined in Clause 49 of the Listing Agreement
8. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement.
9. 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 (IX) of the Listing Agreement and Companies Act, 2013.

## 10. Whistle blower mechanism:

The Company has a whistle blower policy, which provides the vigil 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 viz., URL: <http://rane.co.in/pdf/policies/revlwbpolicy.pdf>.

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

## 11. 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 on the websites of the stock exchanges and the Company viz. <http://rane.co.in>. During the year, a presentation was 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.

## 12. General Shareholder Information

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

<b>Name of the Director</b>	<b>Mr. Harish Lakshman</b>	<b>Dr. Brinda Jagirdar</b>
<b>DIN</b>	00012602	06979864
<b>Father's Name</b>	Mr. L Lakshman	Mr. Subramanian Ramachandran
<b>Date of Birth</b>	February 12, 1974	March 1, 1953
<b>Educational Qualifications</b>	B.E., from BITS Pilani, MSM, from Purdue University, USA	Ph.D., in Economics from University of Mumbai and M.S. in Economics from the University of California at Davis, USA, M.A. in Economics from Gokhale Institute, Pune.
<b>Experience</b>	Mr. Harish Lakshman has over 13 years of experience in the automotive industry and has held various positions in the areas of Marketing, Operations and Export Business Development and currently the Managing Director of Rane TRW Steering Systems Private Ltd. He currently spearheads the future growth plan for the Rane group.	Dr. Brinda Jagirdar is an independent consulting economist with specialization in areas relating to the Indian economy and financial intermediation. She currently consults with financial institutions, banks and corporates interested in India and is Visiting Faculty at many prominent institutions. She retired as General Manager and Chief Economist, State Bank of India.
<b>Date of Appointment</b>	July 23, 2008	October 24, 2014
<b>Other Directorships</b>	<b>Managing Director</b> Rane TRW Steering Systems Pvt Ltd <b>Director</b> 1. Rane Holdings Ltd 2. Rane (Madras) Ltd 3. Rane Brake Lining Ltd 4. JMA Rane Marketing Ltd 5. SasMos HET Technologies Ltd 6. Fokker ELMO Sasmos Interconnection Systems Ltd 7. Rane NSK Steering Systems Pvt Ltd 8. Savithur Enterprises Pvt Ltd 9. Broadvision Perspectives India Pvt Ltd 10. Broadvision Services Pvt Ltd 11. HL Hill Station Properties Pvt Ltd 12. Rane Holdings America Inc.	<b>Director</b> 1. Capital First Ltd 2. Capital First Home Finance Pvt Ltd
<b>Committee Memberships</b>	<b>Chairman – Stakeholders' Relationship Committee</b> 1. Rane Holdings Ltd 2. Rane Brake Lining Ltd <b>Member – Stakeholders' Relationship Committee</b> Rane (Madras) Ltd <b>Member - Nomination and Remuneration Committee</b> 1. Rane Holdings Ltd 2. Rane NSK Steering Systems Pvt Ltd	<b>Chairman – Stakeholders' Relationship Committee</b> Capital First Ltd <b>Member – CSR Committee</b> Capital First Ltd
<b>Number of shares held</b>	<b>50 shares</b>	<b>NIL</b>



**ii Annual General Meeting : July 21, 2015 at 10.30 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, 2015	May 22, 2015
Un-audited results for the 1 <sup>st</sup> quarter ending June 30, 2015	July 21, 2015
Un-audited results for the 2 <sup>nd</sup> quarter ending September 30, 2015	October 26, 2015
Un-audited results for the 3 <sup>rd</sup> quarter ending December 31, 2015	January 27, 2016
Annual Accounts for the year ending March 31, 2016	By last week of May 2016

**iv Book Closure**

The book closure period is from July 14, 2015 (Tuesday) to July 21, 2015 (Tuesday), both days inclusive.

**Dividend:**

The Board of Directors at its meeting held on May 22, 2015, has recommended a dividend of Rs. 2.5/- per equity share. The dividend, if declared by the shareholders, will be paid on July 28, 2015 to all those members whose name appears in the register of members as on July 21, 2015 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 13, 2015.

**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 Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532988

**Listing Fee:**

The shares of the Company are listed on NSE & BSE which provide nationwide access to trade and deal in Company's equity shares across the country. As per SEBI (Delisting of Equity Shares) Regulations, 2009, the equity shares have been delisted from Madras Stock Exchange Ltd., effective June 10, 2014. The Company has paid the Annual Listing fee for the financial year 2015-16 to NSE & BSE where the shares of the Company continues to be listed.

**vi. Unpaid / Unclaimed Dividends:**

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended March 31, 2008 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile Rane Engine Valves Limited and Kar Mobiles 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 interim dividend amount of Rs.2,24,644 for the financial year ended March 31, 2008 relating to erstwhile shareholders of Kar Mobiles Limited. 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. Information in respect of such unclaimed dividend due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per share <sup>#</sup>	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2015) (In Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2008	23.07.2008	4.5	1,16,010.00	29.08.2015	28.09.2015
31.03.2009	23.07.2009 <sup>\$</sup>	2	1,12,658.00	28.08.2016	27.09.2016
31.03.2009	22.07.2009	2	67,892.00	27.08.2016	26.09.2016
31.03.2010 *	22.01.2010 <sup>\$</sup>	3	1,99,656.00	27.02.2017	29.03.2017
31.03.2010*	20.01.2010	1.5	42,184.50	25.02.2017	27.03.2017
31.03.2010	22.07.2010 <sup>\$</sup>	1.5	86,016.00	27.08.2017	26.09.2017
31.03.2010	20.07.2010	1.5	45,843.00	25.08.2017	24.09.2017
31.03.2011 *	20.01.2011 <sup>\$</sup>	4	2,71,544.00	25.02.2018	27.03.2018
31.03.2011*	24.01.2011	3	1,12,062.00	01.03.2018	31.03.2018
31.03.2011	21.07.2011 <sup>\$</sup>	1	65,216.00	26.08.2018	25.09.2018
31.03.2011	20.07.2011	2	67,644.00	25.08.2018	24.09.2018
31.03.2012 *	23.01.2012 <sup>\$</sup>	5	3,39,555.00	28.02.2019	30.03.2019
31.03.2012*	24.01.2012	7.5	2,96,842.50	01.03.2019	31.03.2019
31.03.2012	24.07.2012 <sup>\$</sup>	3.5	2,20,710.00	29.08.2019	28.09.2019
31.03.2012	23.07.2012	3	1,03,758.00	28.08.2019	27.09.2019
31.03.2013 *	21.01.2013 <sup>\$</sup>	2	1,53,060.00	26.02.2020	27.03.2020
31.03.2013	23.07.2013 <sup>\$</sup>	2.5	1,89,263.00	28.08.2020	27.09.2020
31.03.2014	25.07.2014 <sup>\$</sup>	2.5	1,93,580.00	30.08.2021	29.09.2021

# -Share of paid-up value of Rs.10 per share

\* - Interim dividend

\$ - Pertains to Kar Mobiles Limited prior to amalgamation with the Company

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on July 24, 2014 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. During the year 1008 shares were transferred from the unclaimed shares suspense account of the company to four shareholders. However,

as on March 31, 2015, 13,813 shares pertaining to 108 shareholders were lying as unclaimed in "Rane Engine Valve Limited Unclaimed Shares Suspense Account". The voting rights of these shareholders shall remain frozen till the rightful owner claims the same. The unclaimed shares suspense account of Kar Mobiles Limited transferred to "Rane Engine Valve Limited Unclaimed Shares Suspense Account" consists of further 10,489 shares belonging to 144 shareholders.

#### 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) were provided with a link to the annual report of the Company via e-mail and those who opted to receive the documents in physical mode were provided with a physical copy. 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.

#### ix Share Price Data

The share price data (based on closing price) as quoted on the National Stock Exchange of India Ltd. and BSE Ltd. during the last financial year viz. April 1, 2014 – March 31, 2015 is given below:

Month	BSE		BSE Sensex		NSE		NSE Nifty	
	Share Prices (Rs.)				Share Prices (Rs.)			
	High	Low	High	Low	High	Low	High	Low
April 2014	201.05	161.90	22,876.54	22,277.23	202.40	166.60	6,840.80	6,675.30
May 2014	310.00	195.30	24,716.88	22,323.90	317.50	195.00	7,367.10	6,652.55
June 2014	382.25	311.55	25,583.69	24,684.85	388.80	310.00	7,656.40	7,362.50
July 2014	360.10	350.00	26,271.85	25,006.98	373.00	350.00	7,830.60	7,454.15
August 2014	370.00	350.00	26,638.11	25,329.14	375.00	350.00	7,954.35	7,568.55
September 2014	495.45	350.00	27,319.85	26,468.36	519.85	350.00	8,173.90	7,911.85
October 2014	509.65	407.00	27,865.83	25,999.34	538.90	400.05	8,322.20	7,748.20
November 2014	671.60	485.00	28,693.99	27,860.38	686.00	475.10	8,588.25	8,324.15
December 2014	675.95	519.80	28,562.82	26,710.13	683.00	499.95	8,564.40	8,029.80
January 2015	598.20	508.80	29,681.77	26,908.82	608.95	510.00	8,952.35	8,102.10
February 2015	594.80	560.00	29,462.27	28,227.39	596.10	522.35	8,901.85	8,526.35
March 2015	580.00	550.00	29,593.73	27,457.58	584.50	535.05	8,996.25	8,341.40

#### x Registrar and Transfer Agent

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: 044 28140801-03, Fax: 044-28142479.

e-mail: corpsevi@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.

#### xii Distribution of shareholding as on March 31, 2015

No. of shares held	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	3,474	91.13	3,31,089	6.43
501 - 1,000	146	3.83	1,07,349	2.08
1,001 - 2,000	70	1.84	1,05,240	2.04
2,001 - 5,000	73	1.92	2,46,016	4.78
5,001 - 10,000	21	0.55	1,40,210	2.72
10,001 - 20,000	13	0.34	1,99,434	3.87
20,001 - 50,000	9	0.24	3,13,319	6.08
50,001 - 1,00,000	1	0.03	62,662	1.22
1,00,001 & above	4	0.10	36,45,673	70.78
<b>Total</b>	<b>3,811</b>	<b>100.00</b>	<b>51,50,992</b>	<b>100.00</b>

**xiii Pattern of shareholding**

The detailed shareholding pattern of the company as at March 31, 2015 and March 31, 2014 is furnished in the extract to annual return in form MGT-9 which is annexed to Report of the Board of Directors as 'Annexure F'.

SI No	Category	As on March 31, 2015			As on March 31, 2014		
		No. of Shareholders	No. of Shares	% to total capital	No. of Shareholders	No. of Shares	% to total capital
A	Promoters	14	28,14,173	54.63	14	27,64,173	53.66
B	Banks, Financial Institutions & Insurance Companies	5	89,544	1.74	6	1,04,544	2.03
C	Private Bodies Corporate	70	5,41,093	10.50	84	5,58,416	10.84
D	NRIs / OCBs / Foreign Collaborator	32	2,61,701	5.08	45	2,64,191	5.13
E	Indian Public & Others	3,690	14,44,481	28.04	3,976	14,59,668	28.34
	<b>Total</b>	<b>3,811</b>	<b>51,50,992</b>	<b>100.00</b>	<b>4,125</b>	<b>51,50,992</b>	<b>100.00</b>

**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, 2015, about 97.45% 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		% total capital	
	As on March 31, 2015	As on March 31, 2014	As on March 31, 2015	As on March 31, 2014
Physical	1,31,505	1,40,714	2.55	2.73
Demat	50,19,487	50,10,278	97.45	97.27
<b>Total</b>	<b>51,50,992</b>	<b>51,50,992</b>	<b>100.00</b>	<b>100.00</b>

The company has allotted 15,68,000 equity shares on May 4, 2015 pursuant to Scheme to shareholders of Kar Mobiles Limited. The Company has filed requisite Corporate Action Form for crediting the said shares to shareholders of Kar Mobiles Limited with NSDL and CDSL on May 6, 2015. The company has made necessary application for listing approval with NSE and BSE on May 12, 2015 and their approval is awaited. Crediting of shares to the allottees in their demat account would be effected by NSDL and CDSL and for those KML shareholders who were holding shares in physical form, share certificates will be despatched upon receipt of the listing approval from BSE and NSE.

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

Share capital reconciliation audited by a practicing company secretary is furnished every quarter to stock exchanges.

**Demat ISIN : INE222J01013**

Corporate Identification Number (CIN) : L74999TN1972PLC006127

**xv Plant locations - Given in page number 5 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 : 044 28140801-03, Fax: 044 28142479  
E-mail: corpserv@integratedindia.in

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 'Ethical Standards of Behaviour – RANE COMPASS', the code of conduct, for the year ended March 31, 2015.

Place: Chennai  
Dated : May 22, 2015

L Ganesh  
Chairman & Managing Director

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**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 2015 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 Brahmaya & Co.,  
Chartered Accountants  
Firm Regn No: 000511S

Place: Chennai  
Date: May 22, 2015

(P S Kumar)  
Partner  
Membership No: 15590

Annexure F to the Report of the Board of Directors

## Extract of Annual Return - MGT 9

as on the financial year ended March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

### (I) REGISTRATION AND OTHER DETAILS:

(i) CIN	:	L74999TN1972PLC006127
(ii) Registration Date	:	09/03/1972
(iii) Name of the Company	:	Rane Engine Valve Limited
(iv) Category / Sub-Category of the Company	:	Public Company – Limited by Shares / Indian Non-Government Company
(v) Address of the Registered office and contact details	:	'Maithri' No.132, Cathedral Road, Chennai – 600 086. Phone: 044 – 2811 2472; Fax: 044 – 2811 2449
(vi) Whether listed company	:	Yes / No
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Integrated Enterprises (India) Limited II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. E-mail: corpserv@integratedindia.in Phone: 044 2814 0801; Fax: 044 2814 2479

### (II) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Engine Valves	28110	60%
2	Medium and large engine valves for applications in internal combustion engines. (Post amalgamation of Kar Mobiles Limited with our Company).	28110	33%

### (III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Rane Holdings Limited 'Maithri', No.132, Cathedral Road, Chennai - 600086, India	L35999TN1936PLC002202	Holding Company	54.55	2(46)

**(IV) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter(s)</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4,487	0	4,487	0.09	4487	0	4487	0.09	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	27,59,686	0	27,59,686	53.58	28,09,686	0	28,09,686	54.55	0.97
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Total shareholding of Promoter (A)</b>	<b>27,64,173</b>	<b>0</b>	<b>27,64,173</b>	<b>53.66</b>	<b>28,14,173</b>	<b>0</b>	<b>28,14,173</b>	<b>54.63</b>	<b>0.97</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	645	5,673	6,318	0.12	645	5,673	6,318	0.12	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	98,226	0	98,226	1.91	83,226	0	83226	1.62	-0.29
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>98,871</b>	<b>5,673</b>	<b>1,04,544</b>	<b>2.03</b>	<b>83,871</b>	<b>5,673</b>	<b>89,544</b>	<b>1.74</b>	<b>-0.29</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	5,42,730	865	5,43,595	10.55	5,40,228	865	5,41,093	10.50	-0.05
ii) Overseas	2,52,000	0	2,52,000	4.89	2,52,000	0	2,52,000	4.89	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	7,85,695	1,16,837	9,02,532	17.52	7,66,485	1,07,628	8,74,113	16.97	-0.55
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	5,39,394	16,158	5,55,552	10.79	5,38,703	16,158	5,54,861	10.77	-0.01
c) Others (specify)									
Non Resident Indians	11,010	981	11,991	0.23	8,520	981	9,501	0.18	-0.05
Overseas Corporate Bodies	0	200	200	0.00	0	200	200	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	1,554	0	1,554	0.03	1674	0	1,674	0.03	0.00
Trusts	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00
Individual CM/TM -Client Beneficiary	30	0	30	0.00	0	0	0	0.00	0.00
Individual CM/TM -Client Margin	0	0	0	0.00	20	0	20	0.00	0.00
Rane Engine Valve Limited - Unclaimed Shares Suspense Account	14,821	0	14,821	0.29	13,813	0	13,813	0.27	-0.02
<b>Sub-total (B)(2):-</b>	<b>21,47,234</b>	<b>1,35,041</b>	<b>22,82,275</b>	<b>44.31</b>	<b>21,21,443</b>	<b>1,25,832</b>	<b>22,47,275</b>	<b>43.63</b>	<b>-0.68</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>22,46,105</b>	<b>1,40,714</b>	<b>23,86,819</b>	<b>46.34</b>	<b>22,05,314</b>	<b>1,31,505</b>	<b>23,36,819</b>	<b>45.37</b>	<b>-0.97</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>50,10,278</b>	<b>1,40,714</b>	<b>51,50,992</b>	<b>100.00</b>	<b>50,19,487</b>	<b>1,31,505</b>	<b>51,50,992</b>	<b>100.00</b>	<b>0.00</b>



**(ii) Shareholding of Promoters:**

Sl. No	Shareholder's Name	At the beginning of the year			At the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rane Holdings Limited	27,59,686	53.58	0.00	28,09,686	54.55	0.00	0.97
2	Sumant Narayan	1,524	0.03	0.00	1,524	0.03	0.00	0.00
3	Suchitra Narayan	1,124	0.02	0.00	1,124	0.02	0.00	0.00
4	Malavika Lakshman	1,200	0.02	0.00	1,200	0.02	0.00	0.00
5	Chitra Sundaresan	189	0.00	0.00	189	0.00	0.00	0.00
6	Malavika Lakshman	50	0.00	0.00	50	0.00	0.00	0.00
7	Pushpa Lakshman	50	0.00	0.00	50	0.00	0.00	0.00
8	Vinay Lakshman	50	0.00	0.00	50	0.00	0.00	0.00
9	Lakshman Harish	50	0.00	0.00	50	0.00	0.00	0.00
10	Ganesh L	50	0.00	0.00	50	0.00	0.00	0.00
11	Meenakshi Ganesh	50	0.00	0.00	50	0.00	0.00	0.00
12	Lakshman L	50	0.00	0.00	50	0.00	0.00	0.00
13	Aparna Ganesh	50	0.00	0.00	50	0.00	0.00	0.00
14	Aditya Ganesh	50	0.00	0.00	50	0.00	0.00	0.00
	<b>TOTAL</b>	<b>27,64,173</b>	<b>53.66</b>	<b>0.00</b>	<b>28,14,173</b>	<b>54.63</b>	<b>0.00</b>	<b>0.97</b>

**(iii) Change in Promoters' Shareholding :**

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	27,59,686	53.58	27,59,686	53.58
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): 1. Rane Holdings Limited - Market Purchase - June 13, 2014	50,000	0.97	28,09,686	54.55
At the end of the year	28,09,686	54.55	28,09,686	54.55

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No	Name	Shareholding at the beginning of the year (01-04-14)		Date (DD/MM/YYYY)	Increase / Decrease in Shareholding	% of Total shares of the Company	Reason	Cumulative Share holding during the Year (01-04-2014 to 31-03-2015)	
		No of Shares	% of total shares of the Company					No of Shares as at the end of the year (31-03-15)	% of total shares of the Company
1	Enam Shares & Securities Private Limited	4,78,890	9.30	-	-	-	-	4,78,890	9.30
2	TRW Automotive J V LLC	2,52,000	4.89	-	-	-	-	2,52,000	4.89
3	Hiten Anantrai Sheth	1,02,086	1.98	23/01/2015	3011	0.06	Purchase	1,05,097	2.04
4	M M Narayanamma	83,280	0.47	18/04/2014	(3000)	(0.06)	Transfer	80,280	1.56
				25/04/2014	(213)	(0.00)	Transfer	80,067	1.55
				02/05/2014	(4805)	(0.09)	Transfer	75,262	1.46
				23/05/2014	(600)	(0.01)	Transfer	74,662	1.45
				06/06/2014	(10000)	(0.19)	Transfer	64,662	1.26
				05/12/2014	(1000)	(0.02)	Transfer	63,662	1.24
				09/01/2015	763	0.02	Purchase	64,425	1.25
				23/01/2015	(1763)	(0.03)	Transfer	62,662	1.22

Sl. No	Name	Shareholding at the beginning of the year (01-04-14)		Date (DD/MM/YYYY)	Increase / Decrease in Share holding	% of Total shares of the Company	Reason	Cumulative Share holding during the Year (01-04-2014 to 31-03-2015)	
		No of Shares	% of total shares of the Company					No of Shares as at the end of the year (31-03-15)	% of total shares of the Company
5	The Oriental Insurance Company Limited	52,775		18/04/2014	(1000)	(0.02)	Transfer	51,775	1.01
				25/04/2014	(9000)	(0.18)	Transfer	42,775	0.83
				02/05/2014	(5000)	(0.10)	Transfer	37,775	0.73
6	B Bhargavi Devi	50,612	0.98	06/06/2014	(50612)	(0.98)	Transfer	-	-
7	Chitra Venkataraman	49,772	0.91	-	-	-	-	49,772	0.97
8	Dharani B	47,041	0.88	-	-	-	-	47,041	0.91
9	United India Insurance Company Limited	45,451	0.88	-	-	-	-	45,451	0.88
10	M M Suchitra	36,000	0.70	02/05/2014	(2500)	(0.05)	Transfer	33,500	0.65
				09/05/2014	(2500)	(0.05)	Transfer	31,000	0.60
				23/05/2014	(600)	(0.01)	Transfer	30,400	0.59
				30/05/2014	(500)	(0.01)	Transfer	29,900	0.58
				06/06/2014	(9500)	(0.18)	Transfer	20,400	0.40
				25/07/2014	(2000)	(0.04)	Transfer	18,400	0.36
				05/12/2014	(318)	(0.01)	Transfer	18,082	0.35
				09/01/2015	(534)	(0.01)	Transfer	17,548	0.34
				23/01/2015	(1351)	(0.03)	Transfer	16,197	0.31
				30/01/2015	(110)	0.00	Transfer	16,087	0.31

## (v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>At the beginning of the year</b>				
Mr L Ganesh	50	0.00	50	0.00
Mr L Lakshman	50	0.00	50	0.00
Mr Harish Lakshman	50	0.00	50	0.00
Mr C N Srivatasn	-	-	-	-
Mr Ashok Malhotra	-	-	-	-
Mr R V Raghavan	-	-	-	-
Mr S Krishna Kumar	-	-	-	-
Dr Brinda Jagirdar	-	-	-	-
Mr B Suresh Kumar (CFO)	-	-	-	-
Mr V Subramani (Secretary)	-	-	-	-
<b>Total at the beginning of the year</b>	<b>150</b>	<b>0.00</b>	<b>150</b>	<b>0.00</b>
Datewise Increase / Decrease in directors and key managerial personnel during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): <b>No change</b>				
<b>At the end of the year</b>				
Mr L Ganesh	50	0.00	50	0.00
Mr L Lakshman	50	0.00	50	0.00
Mr Harish Lakshman	50	0.00	50	0.00
Mr C N Srivatasn	-	-	-	-
Mr Ashok Malhotra	-	-	-	-
Mr R V Raghavan	-	-	-	-
Mr S Krishna Kumar	-	-	-	-
Dr Brinda Jagirdar	-	-	-	-
Mr B Suresh Kumar (CFO)	-	-	-	-
Mr V Subramani (Secretary)	-	-	-	-
<b>Total at the end of the year</b>	<b>150</b>	<b>0.00</b>	<b>150</b>	<b>0.00</b>

**(V) INDEBTEDNESS:**

**Indebtedness of the Company including interest outstanding / accrued but not due for payment**

(in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,28,92,35,503.52	3,90,58,514.00	8,51,60,000.00	1,41,34,54,017.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,27,65,668.04	-	39,60,538.00	1,67,26,206.04
<b>Total (i+ii+iii)</b>	<b>1,30,20,01,171.56</b>	<b>3,90,58,514.00</b>	<b>8,91,20,538.00</b>	<b>1,43,01,80,223.56</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	36,63,97,679.17	-	-	36,63,97,679.17
Reduction	22,40,30,260.22	64,66,281.00	2,30,95,354.00	25,35,91,895.22
<b>Net Change</b>	<b>14,23,67,418.95</b>	<b>-64,66,281.00</b>	<b>-2,30,95,354.00</b>	<b>11,28,05,783.95</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,43,66,35,947.84	3,25,92,233.00	6,21,00,000.00	1,53,13,28,180.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	77,32,642.67	-	39,25,184.00	1,16,57,826.67
<b>Total (i+ii+iii)</b>	<b>1,44,43,68,590.51</b>	<b>3,25,92,233.00</b>	<b>6,60,25,184.00</b>	<b>1,54,29,86,007.51</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		L Ganesh	
1	Gross Salary	NIL	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify...		
5	Others, please specify		
<b>Total (A)</b>		<b>Nil</b>	<b>Nil</b>
<b>Ceiling as per the Act</b>		<b>Nil</b>	<b>Nil</b>

**B. Remuneration to other Directors:**

(in Rs.)

Sl. No	Particulars of Remuneration	Name of Directors								Total Amount
		L Lakshman	Harish Lakshman	C N Srivatsan	R V Raghavan	Ashok Malhotra	S Krishna Kumar	R Jagannath	Dr Brinda Jagirdar	
1	Independent Directors									
(a)	Fee for attending board / committee meetings	NA	NA	1,85,000	1,00,000	85,000	1,60,000	40,000	60,000	6,30,000
(b)	Commission	NA	NA	0	0	0	0	0	0	0
(c)	Others, please specify	NA	NA	0	0	0	0	0	0	0
<b>Total (1)</b>		<b>NA</b>	<b>NA</b>	<b>1,85,000</b>	<b>1,00,000</b>	<b>85,000</b>	<b>1,60,000</b>	<b>40,000</b>	<b>60,000</b>	<b>6,30,000</b>

Sl. No	Particulars of Remuneration	Name of Directors								Total Amount
		L Lakshman	Harish Lakshman	C N Srivatsan	R V Raghavan	Ashok Malhotra	S Krishna Kumar	R Jagannath	Dr Brinda Jagirdar	
2	<b>Other Non - Executive Directors</b>									
(a)	Fee for attending board / committee meetings	1,45,000	1,05,000	NA	NA	NA	NA	NA	NA	2,50,000
(b)	Commission	0	0	NA	NA	NA	NA	NA	NA	0
(c)	Others, please specify	0	0	NA	NA	NA	NA	NA	NA	0
	<b>Total (2)</b>	<b>145000</b>	<b>105000</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	<b>Total (1+2)</b>	<b>1,45,000</b>	<b>1,05,000</b>	<b>1,85,000</b>	<b>1,00,000</b>	<b>85,000</b>	<b>1,60,000</b>	<b>40,000</b>	<b>60,000</b>	<b>8,80,000</b>
	<b>Ceiling as per Act</b>									<b>NIL</b>
	<b>Total Managerial Remuneration (A + B)</b>									<b>8,80,000</b>
	<b>Overall ceiling as per the Act</b>									<b>NIL</b>

**C. Remuneration to key managerial personnel other than MD/ MANAGER /WTD:**

(in. Rs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		V Subramani Company Secretary	B Suresh Kumar Chief Financial Officer	Total
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,19,594.00	22,40,444.90	31,60,038.90
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>9,19,594.00</b>	<b>22,40,444.90</b>	<b>31,60,038.90</b>

\* - Paid by Rane Holdings Limited (RHL), as part of the secretarial services availed by the Company from RHL.

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

# 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 Rane Engine Valve Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report

under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.



### Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
9. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors,
    - (f) none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
    - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 20 to the financial statements;
      - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
      - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**(P.S.Kumar)**  
Partner

Membership No: 15590

Place: Chennai  
Date: May 22, 2015

## Annexure referred to in Paragraph 8 of our report of even date

1. (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 in respect of assets verified during the year.
2. (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.
3. In our opinion and according to the information and explanations given to us, the company has granted an unsecured loan to a public charitable trust covered in the register maintained under section 189 of the Companies Act, 2013. The loan granted is interest free and no amount is due for repayment in respect of above loan as at the balance sheet date.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system 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 and services. There is no continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, wherever applicable and the directives issued by the Reserve Bank of India, wherever applicable, with regard to deposits accepted from the public. 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.
6. 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 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Value Added Tax, Service Tax, Customs Duty, Excise-Duty, Cess applicable to it. There are no outstanding statutory dues as at 31st March 2015 for a period of more than six months from the date they became payable.
8. 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:

Name of Statute	Nature of Dues	Amount (Rs. in Crores)	Forum where dispute is pending
Finance Act, 1994	Service tax for the Financial Year 2007-08 to 2013-14	0.91	Customs, Excise & Service Tax Appellate Tribunal, Bengaluru
Finance Act, 1994	Service tax for the Financial Year 2007-08 to 2012-13	0.03	Commissioner of Central Excise (Appeals), Bengaluru
The Central Excise Act, 1944	Excise Duty for the Assessment Year 1997-98	0.01	Excise Appellate Tribunal, Bengaluru
The Trade Tax Act, 1948.	Trade Tax for the Assessment Year 2007-08	-	Joint Commissioner – Trade Tax, Kanpur (Rs.38,000)
The Income Tax Act, 1961	Income Tax for the Assessment Year 1995-96	0.23	The Supreme Court of India
The Income Tax Act, 1961	Income Tax for the Assessment Year 2004-05, 2005-06, 2010-11 & 2011-12	1.28	Commissioner of Income Tax (Appeals), Chennai
The Income Tax Act, 1961	Income Tax for the AY 2011-12 and 2012-13	0.08	Commissioner of Income Tax (Appeals), Bengaluru

9. According to the information and explanations given to us, the amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
10. The company does not have any accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year ended 31<sup>st</sup> March, 2015 and has incurred cash losses in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to financial institutions, or banks. The company has not issued any debentures.
12. The company has not given any guarantee for loans taken by others from banks or financial institutions.
13. 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.
14. Based upon the audit procedures performed and information and explanations given by the management, we report that no material 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

Place: Chennai  
 Date: May 22, 2015

# Balance Sheet

## As at 31<sup>st</sup> March 2015

(Rupees in Crores)

Particulars	Note	(Rupees in Crores)	
		As at 31 Mar 2015	As at 31 Mar 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	5.15	5.15
Reserves and Surplus	3	108.80	57.76
		<b>113.95</b>	<b>62.91</b>
<b>Equity Share Capital pending allotment pursuant to scheme of merger (Refer Note No.2.7 &amp; 31)</b>		1.57	-
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	58.15	76.95
Deferred Tax Liabilities (Net)	5	-	-
Other Long term liabilities	6	0.54	0.54
Long Term Provisions	7	10.19	3.02
		<b>68.88</b>	<b>80.51</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	60.44	23.58
Trade Payables	9	46.38	27.33
Other Current Liabilities	10	48.29	53.23
Short-Term Provisions	11	3.34	2.21
		<b>158.45</b>	<b>106.35</b>
		<b>342.85</b>	<b>249.77</b>
<b>Assets</b>			
<b>Non-Current assets</b>			
Fixed Assets			
Tangible Assets	12	173.10	133.31
Intangible Assets	12	0.09	0.14
Capital Work-in-Progress	12	6.15	14.14
Non-current investments	13	0.55	0.55
Deferred tax assets (net)	5	1.74	11.17
Long term loans and advances	14	14.03	9.55
		<b>195.66</b>	<b>168.86</b>
<b>Current Assets</b>			
Inventories	15	59.45	34.82
Trade Receivables	16	68.10	34.62
Cash and Bank Balances	17	2.14	3.11
Short-Term Loans and Advances	18	15.09	6.71
Other Current Assets	19	2.41	1.65
		<b>147.19</b>	<b>80.91</b>
		<b>342.85</b>	<b>249.77</b>

See accompanying notes 1 - 46 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

**HARISH LAKSHMAN**  
Vice Chairman

**L.GANESH**  
Chairman & Managing Director

**P.S. KUMAR**  
Partner  
Membership No. 15590

**V.SUBRAMANI**  
Company Secretary

**B.Suresh Kumar**  
Chief Financial Officer

CHENNAI  
May 22, 2015

# Statement of Profit and Loss

## for the year ended 31<sup>st</sup> March 2015

(Rupees in Crores)

Particulars	Note	Year ended 31 Mar 2015	Year ended 31 Mar 2014
Revenue from Operations	21	426.53	289.18
Less: Excise Duty		31.35	23.26
		395.18	265.92
Other Income	22	4.05	1.03
<b>Total Revenue</b>		<b>399.23</b>	<b>266.95</b>
<b>Expenses:-</b>			
Cost of Raw Materials Consumed	23	136.75	72.81
Purchase of Traded Goods	24	9.33	7.21
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	25	(5.72)	0.52
Employee Benefits Expense	26	95.58	64.09
Financial Costs	27	18.48	14.78
Depreciation and Amortization		28.36	20.40
Other Expenses	28	129.57	90.43
<b>Total Expenses</b>		<b>412.35</b>	<b>270.24</b>
Profit / (Loss) before Exceptional Items and Tax		(13.12)	(3.29)
Exceptional Items (Net) (Refer Note No.43)		44.58	(40.27)
<b>Profit / (Loss) Before Tax</b>		<b>31.46</b>	<b>(43.56)</b>
Tax Expense:			
Current tax		2.14	-
MAT Credit Entitlement		(2.14)	-
Deferred Tax		7.98	(14.47)
Relating to Earlier Years		0.00	-
<b>Profit / (Loss) for the year</b>		<b>23.48</b>	<b>(29.09)</b>
<b>Earning per Equity Share: (Refer Note No.37)</b>			
Basic		34.94	(56.48)
Diluted		34.94	(56.48)
Number of shares of Rs. 10 each		6,718,992	5,150,992

See accompanying notes 1 - 46 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

**HARISH LAKSHMAN**  
Vice Chairman

**L.GANESH**  
Chairman & Managing Director

**P.S. KUMAR**  
Partner  
Membership No. 15590

**V.SUBRAMANI**  
Company Secretary

**B.Suresh Kumar**  
Chief Financial Officer

CHENNAI  
May 22, 2015



# Cash Flow Statement

## for the year ended 31<sup>st</sup> March 2015

(Rupees in Crores)

Particulars	Year ended 31 Mar 2015	Year ended 31 Mar 2014
<b>A. Cash flow from operating activities</b>		
Net profit before tax	31.46	(43.56)
Adjustments for:		
Depreciation	28.36	20.40
Unrealised Foreign exchange loss / (gain) - net	(0.17)	(0.13)
Interest expense	18.48	14.78
(Gain) / Loss on sale of fixed assets - net	(45.05)	(0.55)
Assets Written off / Provision for Retirement of Assets	1.69	0.00
Provision for bad debts and bad debts written off	0.33	0.18
Voluntary retirement expenditure	0.33	40.76
Provision for gratuity and leave salary - (net)	(0.15)	(0.79)
<b>Operating profit before working capital changes</b>	<b>35.28</b>	<b>31.09</b>
Adjustments for:		
(Increase) / Decrease in trade and other receivables	(8.53)	(1.99)
(Increase) / Decrease in inventories	(9.62)	1.50
Increase / (Decrease) in sundry creditors	2.62	0.19
<b>Cash generated from operations</b>	<b>19.75</b>	<b>30.79</b>
Income taxes paid - net of refund	(3.07)	(0.05)
<b>Net cash from operating activities (A)</b>	<b>16.68</b>	<b>30.74</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(23.90)	(10.72)
Proceeds from sale of fixed assets	45.49	0.69
Purchase of investments	-	0.00
Payment for voluntary retirement expenditure	(0.33)	(40.76)
Proceeds from sale of investments	-	-
Dividend received	-	-
<b>Net cash used in investing activities (B)</b>	<b>21.26</b>	<b>(50.79)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from long term borrowings	45.14	56.49
Proceeds from other borrowings	5.90	-
Repayment of long term borrowings	(79.05)	(19.51)
Repayment of other borrowings	9.34	(5.51)

# Cash Flow Statement

## for the year ended 31<sup>st</sup> March 2015

Particulars	(Rupees in Crores)	
	Year ended 31 Mar 2015	Year ended 31 Mar 2014
Repayment of Interest Free Sales Tax	(0.65)	(0.57)
Interest paid	(19.14)	(14.29)
Dividend paid	(0.69)	(0.01)
<b>Net cash from financing activities (C)</b>	<b>(39.15)</b>	<b>16.60</b>
<b>Net Increase/(Decrease) in cash equivalents (A)+(B)+(C)</b>	<b>(1.21)</b>	<b>(3.45)</b>
Cash and cash equivalents - Opening Balance	3.11	6.56
Cash and cash equivalents - Pursuant to Merger	0.24	-
Cash and cash equivalents - Closing Balance	2.14	3.11
	<b>1.21</b>	<b>3.45</b>

**Note : Disclosure on Non Cash Transactions**

Pursuant to scheme of merger, Equity share Capital Pending Allotment amounting to Rs. 1.57 Crores and Transfer of other assets and Liabilities mentioned in Note No. 31d(iii) has been considered as non Cash transactions.

As per our report of even date attached

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

**P.S. KUMAR**  
Partner  
Membership No. 15590

CHENNAI  
May 22, 2015

**HARISH LAKSHMAN**  
Vice Chairman

**V.SUBRAMANI**  
Company Secretary

For and on behalf of the Board

**L.GANESH**  
Chairman & Managing Director

**B.Suresh Kumar**  
Chief Financial Officer

# Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March 2015

## 1. SIGNIFICANT ACCOUNTING POLICIES

### System of Accounting

- 1.1 The financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.
- 1.2 The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include allowance for uncollectible accounts receivables, future obligations under employees benefit plans, useful life of depreciable fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. Actual results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialise.

### 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 In respect of fixed assets (other than freehold land and capital work-in-progress) acquired during the year, depreciation / amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014 is depreciated over the remaining useful life based on evaluation.

### Depreciation - Useful life of assets

#### A. Category of assets for which useful life is as per Schedule II of the Companies Act, 2013

Sl No.	Category	Useful life of assets (Yrs.)
1	Buildings (other than factory buildings)	60
2	Factory Buildings	30
3	Plant & Machinery (Single shift)	15
4	Computers (desktops, laptops, etc.)	3
5	Servers and networks	6

#### B. Category of assets for which useful life shorter than as prescribed under Schedule II of the Companies Act, 2013 is adopted

Sl No.	Category	Useful life of assets (Yrs.)
1	Furniture and fittings	5
2	Office Equipments	3
3	Vehicles	5
4	Intangibles (Technical knowhow)	6
5	Intangibles (Major software licenses)	3

In the case of Second hand assets and certain Plant & Machinery, depreciation is calculated taking into account the estimated useful life of the assets.

Assets costing individually up to Rs. 10,000/- shall be depreciated fully in the year of capitalisation with a residual value of Re.1/-

### 1.5 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.

### 1.6 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.

#### **Derivative instruments and Hedge accounting :**

1.7 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.

#### **1.8 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.

#### **1.9 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.

#### **1.10 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.

#### **1.11 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 liability is determined based on year end actuarial valuation using projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. 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 contributions based on a specified percentage of each covered employees salary.

**1.12 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.

**1.13 Revenue Recognition**

- 1.13.1 Sales are net of sales returns and trade discounts and exclude all taxes and levies.
- 1.13.2 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) scheme is accounted on sale / utilisation of licence
- 1.14 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.



			(Rupees in Crores)	
Particulars	As at 31 Mar 2015	As at 31 Mar 2014		
<b>2 Share Capital</b>				
<b>Equity Share Capital</b>				
Authorised Share Capital:-				
12350000 Equity Shares (10000000 Equity Shares) of Rs.10 each	12.35	10.00		
150000 13.5% Preference Shares (Nil Preference Shares) of Rs.10 each	0.15	-		
	12.50	10.00		
Issued, Subscribed and Fully Paid Up:-				
5150992 Equity Shares (5150992 Equity Shares) of Rs.10 each	5.15	5.15		
<b>2.1 Number of Shares held by Holding Company</b>				
Rane Holdings Limited	2,809,686	2,759,686		

Particulars	As at 31 Mar 2015	As at 31 Mar 2014		
Number of Equity Shares outstanding as at the beginning of the period	5,150,992	5,150,992		
Number of Equity Shares outstanding as at the end of the period	5,150,992	5,150,992		
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

(Rupees in Crores)				
Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rane Holdings Limited, the Holding Company	2,809,686	54.55	2,759,686	53.58
Enam Share and Securities Private Limited	478,890	9.30	478,890	9.30

The Company has not issued any securities convertible into equity / preference shares.

- 2.4 The Board of Directors, in their meeting on May 22, 2015 proposed a final dividend of Rs. 2.5/- per equity share. The proposal is subject to approval of shareholders at the ensuing Annual General Meeting.
- 2.5 The Company has only one class of shares i.e. equity shares having a par value of Rs.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.

## 2.6 Details of shares allotted / bought back during the five years preceding the Balance Sheet date

Particulars	Year (Aggregate No. of Shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Equity Shares :</b>					
Fully paid up pursuant to scheme of arrangement of the company with erstwhile Rane Engine Valve Limited, without payment being received in cash	-	-	-	-	-

2.7 Pursuant to clause 5.1 of the Scheme of Amalgamation, 15,68,000 Equity Shares of Rs. 10/- each were allotted on 04-May-2015, to the Shareholders of Kar Mobiles Ltd. in the ratio of 7 fully paid up Equity Shares of Rs. 10/- each of the Company for every 10 Shares of Rs.10/- each held in Kar Mobiles Ltd. These newly allotted shares rank Pari Passu with the existing equity shares of the company in all respects including dividend.

## 3 Reserves and Surplus

Particulars	(Rupees in Crores)	
	As at 31 Mar 2015	As at 31 Mar 2014
<b>Reserves</b>		
<b>Capital Reserve</b>		
Opening Balance	0.57	0.57
Add : Additions Pursuant to Merger		
Preference Share Redemption Reserve	0.10	-
On account of Merger	0.67	-
Closing balance	<b>1.34</b>	<b>0.57</b>
<b>Capital Subsidy</b>		
Opening Balance	0.23	0.23
Add : Additions Pursuant to Merger		
Investment Subsidy from Government of Karnataka for Tumkur Unit	0.15	-
Grant Received from Industrial Credit and Investment Corporation Productivity Fund	0.04	-
Closing balance	<b>0.42</b>	<b>0.23</b>
<b>Export Incentive Reserve</b>		
Opening Balance	<b>0.19</b>	<b>0.19</b>
<b>Hedge Reserve Account</b>		
Opening Balance	-	-
Add : Additions Pursuant to Merger	0.19	
Add : Additions during the year	0.03	
Less : Deductions during the year	0.19	-
Closing balance	<b>0.03</b>	-

(Rupees in Crores)		
Particulars	As at 31 Mar 2015	As at 31 Mar 2014
<b>General Reserve</b>		
Opening Balance	72.20	72.20
Add : Additions Pursuant to Merger	27.63	-
Add : Additions during the year	4.97	
Less : Deductions during the year	0.00	
Closing balance	<b>104.80</b>	<b>72.20</b>
	<b>106.78</b>	<b>73.19</b>
<b>Surplus</b>		
Opening Balance	(15.43)	13.66
Add:-		
Additions Pursuant to Merger	0.96	
Net Profit after tax transferred from Statement of Profit and Loss	23.48	(29.09)
Less:-		
Final Dividend-Proposed Rs.2.50 per share (Previous year Rs. Nil per share)	1.68	-
Tax on dividend	0.34	-
Transfer to general Reserve	4.97	-
<b>Closing Balance</b>	<b>2.02</b>	<b>(15.43)</b>
	<b>108.80</b>	<b>57.76</b>

**Non Current Liabilities****4 Long Term Borrowings**

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
<b>Secured</b>		
Term Loans from Banks (Refer Note No.4.1 and 4.2)	54.11	67.38
	54.11	67.38
<b>Unsecured</b>		
Fixed Deposits (Refer Note No.4.3.1 and 4.3.2)	1.54	6.31
Other Loans and Advances		
Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note No.4.3.3)	2.50	3.26
	4.04	9.57
	<b>58.15</b>	<b>76.95</b>

**4.1 Notes on Secured Long Term Borrowings**

4.1.1 Term loans taken over pursuant to Merger (Standard Chartered Bank and Karur Vysya Bank) are secured by first charge on Pari-passu basis on all immovable and movable fixed assets, present and future, of the company's Peenya Unit and Tumkur Unit and second charge on Pari-passu basis on all current assets, present and future, of the Peenya Unit and Tumkur Unit.

4.1.2 Other Term loans are secured by Pari-passu basis first charge on the company's immovable and movable fixed assets (other than Property situated at Alandur-Chennai, Peenya and Tumkur) 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 31.03.2015 (Rupees in Crores)	Current Maturities (Rupees in Crores)	Interest Rate	Instalment Amt. (Rupees in Crores)	No. of Quarterly Instalments as per agreement
<b>Rupee Term Loans</b>						
IDBI Bank Ltd.	Jun / 2014	22.50	7.50	12.75%	1.88	16
Kotak Mahindra Bank Ltd	Feb / 2016	25.00	1.56	11.25%	1.56	16
Karur Vysya Bank	Jan / 2014	4.50	3.00	11.75%	0.75	11
Karur Vysya Bank	Dec / 2015	5.14	0.86	11.75%	0.00	12
<b>External Commercial Borrowing (Fully Hedged)</b>						
HDFC Bank Ltd.						
Loan 1	Jan / 2012	1.10	1.10	8.00%	1.10	14
Loan 2	Jan / 2013	7.88	6.30	9.20%	1.58	14
HSBC Bank (Mauritius) Ltd.	Aug / 2013	14.95	6.64	9.13%	1.66	16
Standard Chartered Bank	Apr / 2012	2.15	2.15	8.95%	0.00	16
		<b>83.22</b>	<b>29.11</b>			

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 Rs. 1.32 Crores (Rs. 1.25 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.

#### 5 Deferred Tax Liabilities (NET)

Particulars	As at 31 Mar 2014	Addition Pursuant to Merger	For the year 31 March 2015	As at 31 Mar 2015
<b>Liability</b>				
Related to Fixed Assets	11.97	3.76	(1.89)	13.84
	11.97	3.76	(1.89)	13.84
<b>Assets</b>				
Provision for expenses allowable on payment basis				
Provision for Leave Salary	1.09	0.54	0.21	1.84
Provision for Liability	0.24	0.18	(0.15)	0.27
Provision for Gratuity	-	1.50	0.48	1.98
Provision for Doubtful Debts	0.26	0.01	0.12	0.39
Voluntary Retirement Compensation Scheme	11.65	0.08	(2.84)	8.89
Amalgamation Expenses	-	-	0.20	0.20
Unabsorbed Depreciation	9.90	-	(7.89)	2.01
	23.14	2.31	(9.87)	15.58
Deferred tax Liabilities / (Assets) (Net)	(11.17)	1.45	7.98	(1.74)

- 5.1 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.

(Rupees in Crores)		
Particulars	As at 31 Mar 2015	As at 31 Mar 2014
<b>6 Other Long Term Liabilities</b>		
Trade Payables		
Other Long Term Liabilities (Refer Note No. 6.1)	0.54	0.54
	0.54	0.54
<b>6.1</b> Amount payable on investment as per the agreement with TCW Renewable Energy (India) Private Limited		
<b>7 Long Term Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity (unfunded)	5.07	-
Leave Encashment (Unfunded)	5.12	3.02
	10.19	3.02
<b>Current Liabilities</b>		
<b>8 Short Term Borrowings</b>		
<b>Secured</b>		
Loans repayable on demand from banks (Refer Note No.8.1 and 8.2)	60.44	23.58
	60.44	23.58

- 8.1 Short term borrowings amounting to Rs.24.74 Crores taken over pursuant to Merger (State Bank of India and Karur Vysya Bank) are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the company's Peenya Unit and Tumkur Unit on Pari-passu basis and also secured by second charge on land and buildings and plant and machineries of the company's Peenya Unit and Tumkur Unit.
- 8.2 Other Short term borrowings amounting to Rs.35.70 Crores from banks are secured By hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the company (other than Property situated at Alandur-Chennai, Peenya Unit and Tumkur Unit).
- 8.3 None of the above loans have been guaranteed by any Directors or others .

(Rupees in Crores)

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
<b>9 Trade Payables</b>		
Related Party	1.06	0.43
Others (Refer Note No.44)	45.32	26.90
	<b>46.38</b>	<b>27.33</b>
<b>10 Other Current Liabilities</b>		
Current Maturities of Long Term Borrowings (Refer Note No.10.1)	34.54	40.82
Interest accrued but not due on borrowings	1.17	1.67
Fixed Deposit interest paid but not encashed	0.01	0.02
Unclaimed Dividends (Refer Note. No.41)	0.29	0.12
Unclaimed Matured Fixed Deposits	-	0.00
Security / Trade Deposits	0.01	-
Employee Related dues	2.87	2.04
Advance from Customers	0.12	-
Payable on Purchase of Fixed Assets	2.01	2.51
Contractual	0.28	0.40
Related Party	-	-
Statutory Dues	3.31	2.00
Others (Refer Note No.10.3)	3.68	3.65
	<b>48.29</b>	<b>53.23</b>
<b>10.1 Current maturities of long term borrowings</b>		
Current Maturities of Long Term Debt	29.11	37.96
Current Maturities of Fixed Deposits (Refer Note. No.10.2)	4.67	2.21
Current Maturities of IFST Loan	0.76	0.65
	<b>34.54</b>	<b>40.82</b>
<b>10.2</b> Current Maturities of Fixed Deposits include due to related parties of Rs.0.73 Crores (Rs.0.16 Crores)		
<b>10.3</b> Amount due to directors Rs. Nil (Rs. Nil Crores)		
<b>11 Short Term Provisions</b>		
Provision for employee benefits		
Gratuity (Funded)	1.04	2.03
Leave Encashment (un funded)	0.28	0.18
<b>Other provisions</b>		
Proposed Dividend on Equity Shares & Provision for Tax on distributed profits	2.02	-
	<b>3.34</b>	<b>2.21</b>



Non-Current Assets		(Rupees in Crores)									
		Gross Block					Depreciation				
Particulars	As at 31	Adjustments	As at 31	Disposals /	As at 31	Adjustments	For the	Disposals /	As at 31	As at 31	As at 31
	Mar 2014	Pursuant to	Mar 2014	Adjustments	Mar 2015	Pursuant to	year	Adjustments	Mar 2015	Mar 2015	Mar 2014
		Merger				Merger					
<b>12 Fixed Assets</b>											
<b>Tangible assets</b>											
(Refer Note 12.1)											
Land	1.96	0.42	(0.00)	0.00	2.38	-	-	-	-	2.38	1.96
Buildings	31.53	8.48	10.63	1.04	49.60	9.37	2.03	1.51	12.78	36.82	22.16
Plant and Equipment	266.85	53.22	20.16	13.96	326.27	158.61	22.63	25.66	194.11	132.16	108.24
Furniture and Fixtures	4.79	1.33	0.55	0.36	6.31	4.10	0.96	0.57	5.31	1.00	0.69
Vehicles	0.09	-	0.01	0.01	0.09	0.08	-	0.00	0.08	0.01	0.01
Office equipment	1.82	1.57	0.74	0.31	3.82	1.57	1.31	0.51	3.09	0.73	0.25
	<b>307.04</b>	<b>65.02</b>	<b>32.09</b>	<b>15.68</b>	<b>388.47</b>	<b>173.73</b>	<b>26.93</b>	<b>28.25</b>	<b>215.37</b>	<b>173.10</b>	<b>133.31</b>
<b>Intangible assets</b>											
Licenses	1.40	0.46	0.03	0.00	1.89	1.26	0.43	0.11	1.80	0.09	0.14
	<b>1.40</b>	<b>0.46</b>	<b>0.03</b>	<b>0.00</b>	<b>1.89</b>	<b>1.26</b>	<b>0.43</b>	<b>0.11</b>	<b>1.80</b>	<b>0.09</b>	<b>0.14</b>
	<b>308.44</b>	<b>65.48</b>	<b>32.12</b>	<b>15.68</b>	<b>390.36</b>	<b>174.99</b>	<b>27.36</b>	<b>28.36</b>	<b>217.17</b>	<b>173.19</b>	<b>133.45</b>
For the year 2013-14	306.24	-	4.47	2.27	308.44	156.70	-	20.40	174.99	133.45	149.54
Capital Work in Progress										<b>6.15</b>	<b>14.14</b>
										<b>179.34</b>	<b>147.59</b>

12.1 Borrowing cost of Rs.0.47 Crores (Rs. 0.13 Crores) is capitalised along with the cost of capital asset.

12.2 Assets Retired from active use and held for sale amount in to Rs. 0.06 Crores has been shown under other current assets (Refer Note 19.)

(Rupees in Crores)

Particulars	No. of Shares	As at 31 Mar 2015	No. of Shares	As at 31 Mar 2014
<b>13 Non Current Investments</b>				
<b>Trade Investments (At Cost)</b>	-	-	-	-
Investments in Mutual Funds	-	-	-	-
Other non-current investments	-	-	-	-
<b>In Equity Shares, Unquoted, fully paid up</b>	-	-	-	-
TCW Renewable Energy (India) Private Limited of Rs.10.each	613,453	0.55	613,453	0.55
<b>Total Trade Investments</b>	-	0.55	-	0.55
<b>Other Investments (At Cost)</b>	-	-	-	-
Investments in Mutual Funds	-	-	-	-
Other non-current investments	-	-	-	-
<b>Total Other Investments</b>	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Less:- Provision for Diminution in the value of investments</b>	-	-	-	-
<b>Total of Trade Investments &amp; Other Investments</b>	-	0.55	-	0.55

(Rupees in Crores)

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
<b>14 Long Term Loans and Advances</b>		
<b>Unsecured, considered good, unless otherwise stated</b>		
Capital Advances	1.20	0.24
Security Deposits	3.84	2.35
Loans and advances to related parties	-	0.79
Rent Deposits	0.09	0.15
<b>Other loans and advances</b>		
Advance Income Tax	52.47	48.89
Less : Provision for Income Tax	(45.39)	(43.25)
	7.08	5.64
<b>Taxes paid in advance</b>		
Customs Duty receivable	0.01	-
Service Tax receivable	0.02	-
Sales Tax receivable	0.01	-
Salse Tax paid under protest	0.25	-
Other Advances		
Considered Good	1.53	0.38
Considered Doubtful	-	-
Less: Provision for doubtful advances	-	-
	1.53	0.38
	14.03	9.55

(Rupees in Crores)

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
<b>15 Inventories</b>		
<b>Valued at Lower of Cost or Realisable value</b>		
Raw Materials	11.51	3.83
Raw Material-Goods in Transit	4.32	0.15
Work in Progress	10.74	7.02
Finished Goods	16.27	10.52
Finished Goods-Goods in Transit	4.95	3.24
Stock in Trade	2.12	1.65
Stores and Spares	9.43	8.41
Stores and Spares-Goods in Transit	0.11	-
Loose Tools	-	-
	<b>59.45</b>	<b>34.82</b>
<b>16 Trade Receivables</b>		
<b>Unsecured</b>		
Over six months		
Considered good	-	-
Considered doubtful	0.59	0.46
Others		
Considered good (Refer Note. No.16.1)	68.10	34.62
Considered doubtful	0.53	0.29
	<b>69.22</b>	<b>35.37</b>
Less:- Provison for Doubtful Trade receivables	(1.12)	(0.75)
	<b>68.10</b>	<b>34.62</b>
<b>16.1 Trade Receivables - considered good includes due from related parties of Rs. Nil (Rs. 0.07 Crores)</b>		
<b>17 Cash and Bank balances</b>		
Cash and cash equivalents		
Balance with banks		
In Current Accounts	0.63	2.59
In Deposit Accounts	1.13	0.31
Cash on hand	0.08	0.08
<b>Earmarked balances with banks</b>		
Unpaid Dividend accounts	0.29	0.11
Unpaid Interest warrant accounts	0.01	0.02
Bank deposits with more than 12 months maturity	-	-
	<b>2.14</b>	<b>3.11</b>

(Rupees in Crores)

Particulars	Year ended 31 Mar 2015	Year ended 31 Mar 2014
<b>18 Short Term Loans and Advances</b>		
<b>Unsecured, considered good, unless otherwise stated</b>		
Loans and Advances to Related Parties	1.25	-
Loans and Advances to Employees	0.26	0.18
Prepaid expenses	1.63	1.04
<b>Balance with government authorities</b>		
Customs and Excise	6.58	3.96
Value added tax	0.28	0.16
Others	-	0.11
	<b>6.86</b>	4.23
Other Advances	5.09	1.26
	<b>15.09</b>	6.71
<b>19 Other Current Assets</b>		
Unamortised Borrowing Cost	0.30	0.81
Unamortised Premium on Options	-	0.08
Interest accrued on Deposits	0.20	0.11
Accrued gain on Forward contract	0.26	-
Insurance Claims Receivable	0.02	0.03
Export Benefits Receivable	1.57	0.62
Assets Held for Sale	0.06	-
	<b>2.41</b>	1.65
<b>20 Contingent Liabilities and Commitments</b>		
<b>20.1 Contingent Liabilities</b>		
Claims against the company not acknowledged as debt		
Labour Disputes	0.16	0.16
Income Tax	3.93	2.31
Other Liabilities	0.85	0.73
Guarantees & Letter of Credits issued by the Banks	4.29	0.36
Liability on bills discounted with banks	4.34	6.69
Other money for which the company is contingently liable	-	-
	<b>13.57</b>	10.25
<b>20.1.1</b>	Based on the facts presently know, the Managment believes that the results of these actions will not have material impact on the company's financial statements.	
<b>20.2 Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	3.95	2.13
<b>20.3 Other commitments</b>		
<b>20.3.1</b>	The levies and costs in connection with mutating / substituting the title in the revenue records pertaining to the immovable properties that stand vested with the Company pursuant to the merger, would be added to the cost of such properties upon actual payment.	

(Rupees in Crores)		
Particulars	Year ended 31 Mar 2015	Year ended 31 Mar 2014
<b>21 Revenue from Operations</b>		
Sale of products (Refer Note No. 21.1)	418.21	282.00
Less : Excise duty	30.64	22.86
	<b>387.57</b>	259.14
Other operating revenues (Refer Note No.21.2)	8.32	6.80
Less : Excise duty	0.71	0.40
	<b>7.61</b>	6.40
Sale of services	-	0.38
	<b>395.18</b>	265.92
<b>21.1 Sale of Products Comprises :</b>		
<b>Manufactured Goods</b>		
Valves	367.92	238.42
Guides	20.05	21.23
Tappets	10.76	8.00
<b>Total</b>	<b>398.73</b>	267.65
<b>Traded Goods</b>		
Valves	17.12	14.31
Piston Assembly	2.08	0.01
Valve Seat Insert	0.03	0.02
Valve Stem Seal	0.25	0.01
<b>Total</b>	<b>19.48</b>	14.35
	<b>418.21</b>	282.00
<b>21.2 Other Operating Revenue Comprises:</b>		
Sale of Materials	2.09	1.52
Sale of Scrap	3.68	2.07
Export Incentive Receipts	2.55	3.21
	<b>8.32</b>	6.80
<b>22 Other Income</b>		
Interest Income	0.63	0.28
Exchange Gain (Net) - Other than considered under Finance Costs	1.65	-
Profit on Sale of Assets	0.48	0.11
Provision no longer required and balances written back	1.17	0.55
Other non-operating income - Net	0.12	0.09
	<b>4.05</b>	1.03

(Rupees in Crores)

Particulars	Year ended 31 Mar 2015	Period ended 31 Mar 2014
<b>23 Cost of Raw Materials Consumed (Refer Note.No.23.1 and 29.1)</b>		
Opening Stock	3.98	5.43
Add : Pursuant to Merger	7.70	-
Add : Purchases	140.91	71.36
Less : Closing Stock	15.84	3.98
Cost of Materials Consumed	<b>136.75</b>	72.81
<b>23.1 Materials consumed comprises:</b>		
Alloy steel	109.57	59.09
Hardfacing materials	10.03	5.57
Guide castings	5.05	4.80
Others	12.10	3.35
	<b>136.75</b>	72.81
<b>24 Purchase of Traded goods</b>		
Valves	7.90	6.60
Piston Assembly	1.34	0.44
Valve Seat Insert	-	0.06
Valve Stem Seal	0.09	0.11
	<b>9.33</b>	7.21
<b>25 Changes in inventories</b>		
Inventories at the beginning of the year:		
Finished goods	13.76	14.51
Work-in-progress	7.02	7.62
Stock-in-Trade	1.65	0.82
	<b>22.43</b>	22.95
Add: Additions pursuant to merger:		
Finished goods	3.46	-
Work-in-progress	2.47	-
Stock-in-Trade	-	-
	<b>5.93</b>	-
Less: Inventories at the end of the year:		
Finished goods	21.22	13.76
Work-in-progress	10.74	7.02
Stock-in-Trade	2.12	1.65
	<b>34.08</b>	22.43
<b>Net (increase) / decrease</b>	<b>(5.72)</b>	0.52



(Rupees in Crores)		
Particulars	Year ended 31 Mar 2015	Period ended 31 Mar 2014
<b>26 Employee Benefits Expense</b>		
Salaries and Wages	73.85	49.70
Contributions to -		
Provident and other Funds	4.68	2.81
Superannuation scheme	0.52	0.35
Gratuity fund	1.95	2.23
Staff welfare expenses	14.25	9.00
Voluntary Retirement Scheme Compensation (Refer Note No.43.2)	0.33	-
	<b>95.58</b>	64.09
<b>27 Finance Costs</b>		
Interest expense	17.41	14.18
Other borrowing costs	0.69	0.43
Net (gain) / loss on foreign currency transactions and translation	0.85	0.30
	<b>18.95</b>	14.91
Less : Borrowing Cost Capitalised	0.47	0.13
	<b>18.48</b>	14.78
<b>28 Other Expenses</b>		
Stores and Tools consumed	26.02	18.46
Power and Fuel	25.18	18.78
Trade Mark Fees	1.71	1.37
Repairs and Maintenance		
Plant and Machinery	12.37	8.52
Buildings	0.37	0.10
Others	1.25	0.80
Job work Expenses	15.23	9.11
Rent	0.41	0.59
Insurance	1.48	1.31
Rates and Taxes	1.05	0.84
Travelling and Conveyance	4.94	3.55
Professional and legal expenses	7.41	3.90
Data Processing and Maintenance expenses	2.23	1.93
Service Contract Expenses	5.19	3.96
Administrative Expenses	2.17	1.42
Selling and Distribution Expenses		
Packing and Forwarding	12.15	9.25
Advertisement and Sales Promotion	0.84	0.41
Commission and Discount	6.14	4.10
Bad Debts Written off	0.03	-
Less: Provision available	<b>(0.03)</b>	-

(Rupees in Crores)

Particulars	Year ended 31 Mar 2015	Period ended 31 Mar 2014
Provision for Doubtful debts	0.36	0.18
Quality Cost	0.14	0.55
Directors' Sitting Fees	0.15	0.08
Audit Fees (Refer Note No.28.1)	0.27	0.17
Loss on Sale of Assets	0.02	0.05
Assets Written Off / Provision for Retirement of Assets	1.69	0.00
Provision for Doubtful Advance	0.05	-
Exchange Loss (Net) - Other than considered under Finance Costs	-	0.70
Bank Charges	0.54	0.18
Excise Duty adjustment on Inc / (Dec) of Finished Goods	0.14	0.12
Donations	0.07	-
	<b>129.57</b>	90.43

The company has incurred an amount of Rs. 0.08 Crores towards Corporate Social Responsibility activities, during the current year ended 31<sup>st</sup> march 2015

#### 28.1 Auditors' Remuneration

a. as auditors - statutory audit	0.12	0.10
b. for taxation matters	0.07	0.04
c. for company law matters,	0.00	0.00
d. for management services,	-	-
e. for other services,	0.08	0.03
	-	-
	<b>0.27</b>	0.17

28.1.1 The above figure includes Rs.0.07 Cr. paid to the auditors of Transferor Company (Kar Mobiles Limited)

#### 29.1 Raw Materials Consumed

Imported	62.91	28.14
Imported % to total	46.00%	38.65%
Indigenous	73.84	44.67
Indigenous % to total	54.00%	61.35%
Total	136.75	72.81
Total %	100.00%	100.00%

#### 29.2 Stores and Spare Parts Consumed

Imported	0.68	0.77
Imported % to total	9.99%	4.17%
Indigenous	25.34	17.69
Indigenous % to total	90.01%	95.83%
Total	26.02	18.46
Total %	100.00%	100.00%

#### 30.1 CIF Value of Imports

Raw materials;	31.53	9.80
Components and spare parts;	0.67	0.77
Capital goods;	1.58	0.02

Particulars	(Rupees in Crores)	
	Year ended 31 Mar 2015	Period ended 31 Mar 2014
<b>30.2 Expenditure in foreign currency</b>		
Professional and consultation fees	1.18	0.88
Finance Cost	3.20	4.47
Marketing Service Fees	0.60	0.25
Job Charges / Segregation Charges	0.44	0.42
Commission	0.40	0.05
Foreign Travel	0.10	
Others	0.17	1.27
<b>30.3 Earnings in Foreign Currency</b>		
I. Export of goods calculated on F.O.B. basis	113.95	78.46

### 31 Note on Merger

a) Nature of business:

Kar Mobiles Limited is engaged in the business of manufacturing of medium and large engine valves for applications in internal combustion engines.

b) The Board of Directors, at its meeting held on May 20, 2014, approved a scheme of amalgamation of Kar Mobiles Limited (KML), (the Transferor Company), with Rane Engine Valve Limited (REVL), (the Transferee Company / the Company), pursuant to sections 391 to 394 of the Companies Act, 1956 (Scheme) with the appointed date as April 1, 2014. This scheme was sanctioned by the Honourable High Court of Judicature at Madras vide their Order dated February 26, 2015, which was filed with the Registrar of Companies, Tamilnadu, Chennai on April 1, 2015 (the Effective Date).

c) Pursuant to the aforesaid amalgamation and in terms of the said approved scheme, the authorised share capital of the stands increased by the authorised share capital of KML aggregating to Rs. 12.50 Crores. The sub division in terms of class of share capital is as follows:

Particulars	No. of Shares	Face Value of Shares	Rs.
Equity Shares	12,350,000	10.00	123,500,000
Preference Shares	150,000	10.00	1,500,000

Accordingly, effective April 1, 2014, the authorised capital of the company stands at Rs. 12.50 Crores

d) In accordance with the Scheme:

i) The amalgamation has been accounted for under the “pooling of interests” method as prescribed by Accounting Standard (AS-14) specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, the assets, liabilities and reserves (including Profit & Loss account balances) of Kar Mobiles Limited as at April 1, 2014 have been taken over at their book values and in the same form.

ii) Excess of the amount (Rs. 0.67 Crores) of share capital of the Transferor Company over the amount recorded as share capital issued by the Transferee Company is credited to Capital Reserve under “Pooling of Interest Method” in accordance with the Scheme of Amalgamation.

iii) Accordingly, the amalgamation has resulted in transfer of assets, liabilities and reserves in accordance with the terms of the scheme as follows:

Particulars	(Rupees in Crores)
<b>Appointed date of amalgamation</b>	<b>April 1, 2014</b>
<b>Non-current assets</b>	
Fixed Assets (Net block including Capital WIP)	38.11
Long term loans and advances	3.35
<b>Current assets</b>	
Inventories	15.01
Trade receivables	27.22
Cash and bank balances	0.24
Short-term loans and advances	1.74
Other current assets	2.92
<b>Total Assets</b>	<b>88.59</b>
<b>Non-Current Liabilities</b>	
Long term borrowings	6.65
Deferred Tax Liabilities (Net)	1.45
Long term provisions	5.87
<b>Current Liabilities</b>	
Short-term borrowings	18.80
Trade payables	15.34
Other current liabilities	7.95
Short-term provisions	1.22
<b>Total Liabilities</b>	<b>57.28</b>
<b>Shareholders' Funds</b>	
<b>Reserves and Surplus</b>	<b>29.07</b>
Excess of Assets over Liabilities	2.24
Less: Equity share Capital Issued	1.57
<b>Balance-Capital Reserve</b>	<b>0.67</b>

- iv) In accordance with the scheme, 1568000 Equity Shares of Rs.10/- (Rupees Ten only) each are to be issued to the Shareholders of KML in the ratio of 7 equity shares in REVL for every 10 equity shares held in KML. Pending allotment of these shares, the value of equity shares of Rs.1,56,80,000 have been shown as Share Capital Suspense Account.
- v) The levies and costs in connection with mutating / substituting the title in the revenue records pertaining to the immovable properties that stand vested with the Company pursuant to the merger, would be added to the cost of such properties upon actual payment.

### 32 Related party Disclosures

#### Related Parties and their relationship

Holding company	:	Rane Holdings Limited (RHL)
Fellow Subsidiaries	:	Rane Madras Limited (RML) Rane Brake Linnings Limited (RBL) Rane Holding America Inc (RHA)
Enterprises significantly influenced by Key Management Personnel	:	JMA Rane Marketing Limited Rane Foundation (RF) Rane TRW Steering systems Limited Kar Mobiles Limited (associate) upto 31 <sup>st</sup> March 2014
Key Management Personnel	:	Mr L Ganesh - Chairman and Managing Director
Relative of Key Management Personnel	:	1. Mr L Lakshman 2. Mr L Ganesh 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 9. Mrs Pushpa Lakshman

Description	Holding Company		Fellow Subsidiary		Enterprise influenced by Key Management Personnel		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Material transactions during the year</b>												
Interest Paid on Fixed Deposits	-	-	-	-	-	-	0.01	0.01	0.13	0.13	0.14	0.14
Sitting fee	-	-	-	-	-	-	0.01	-	0.02	-	0.03	-
Remuneration Paid	-	-	-	-	-	-	-	-	-	-	-	-
Trade Mark Fees Paid	1.71	1.37	-	-	-	-	-	-	-	-	1.71	1.37
Reimbursement of Expenses Cr / (Dr)												
- RHL	0.07	0.01	-	-	-	-	-	-	-	-	0.07	0.01
- RML	-	-	(0.13)	(0.14)	-	-	-	-	-	-	(0.13)	(0.14)
Sale of Material												
- JMA Rane	-	-	-	-	2.46	-	-	-	-	-	2.46	-
- KML	-	-	-	-	-	0.27	-	-	-	-	-	0.27
Sale of Valve												
- RML	-	-	10.12	-	-	-	-	-	-	-	10.12	-
Purchase of Material												
- RML	-	-	-	-	-	-	-	-	-	-	-	-
- KML	-	-	-	-	-	0.13	-	-	-	-	-	0.13
Services Received												
- RHL	4.53	3.19	-	-	-	-	-	-	-	-	4.53	3.19
- RHAI	-	-	0.60	0.24	-	-	-	-	-	-	0.60	0.24
Services Rendered												
- KML	-	-	-	-	-	0.43	-	-	-	-	-	0.43
Purchase of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Assets RML	-	-	0.02	-	-	-	-	-	-	-	0.02	-
Fixed Deposits Accepted / (Repaid)	-	-	-	-	-	-	0.01	-	0.23	0.18	0.24	0.18
<b>Donations - RF</b>	-	-	-	-	0.07	-	-	-	-	-	0.07	-
Loans granted / (Repaid) during the year	-	-	-	-	(0.25)	-	-	-	-	-	(0.25)	-
Balance at the year end												
Amount Payable - Trade												
- RHL	1.01	0.39	-	-	-	-	-	-	-	-	1.01	0.39
- RML	-	-	-	-	-	-	-	-	-	-	-	-
- RHAI	-	-	0.10	-	-	-	-	-	-	-	0.10	-
Amount Receivable - Trade												
- RHL	-	-	-	-	-	-	-	-	-	-	-	-
- RML	-	-	1.12	0.03	-	-	-	-	-	-	1.12	0.03
- JMA Rane	-	-	-	-	0.59	-	-	-	-	-	0.59	-
- RHAI	-	-	-	0.01	-	-	-	-	-	-	-	0.01
- KML	-	-	-	-	-	0.07	-	-	-	-	-	0.07
Fixed Deposits Outstanding	-	-	-	-	-	-	0.05	0.06	1.18	1.35	1.23	1.41
Loans outstanding- RF	-	-	-	-	1.25	0.75	-	-	-	-	1.25	0.75

### 33 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	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	Gratuity	Gratuity	Leave Salary	Leave Salary
	Rs. in Crores		Rs. in Crores	
<b>A</b> Net Asset / (liability) recognised in the Balance Sheet as at March 31 2015				
Present value of the Defined Benefit Obligation	17.80	8.55	5.40	3.20
Fair Value of plan assets	11.65	6.52	-	-
Net Asset / (Liability) recognised in the Balance Sheet	(6.15)	(2.03)	(5.40)	(3.20)
<b>B</b> Expenses recognised in the statement of Profit and Loss Account for the year ended March 31, 2015				
Current service cost	2.31	1.10	0.74	0.92
Contribution from other funds	(0.10)	(0.12)	-	-
Interest cost	1.30	0.99	0.34	0.23
Expected return on plan assets	(0.96)	(0.56)	-	-
Net actuarial (gain)/loss recognised during the year	(0.55)	0.82	1.52	0.47
Expense / (Income) recognised in Profit and Loss Account	2.00	2.23	2.60	1.62
<b>C</b> Change in Defined Benefit obligation during the year ended March 31, 2015				
Present value of Defined Benefit obligation as at April 1, 2014	8.56	12.42	3.20	4.16
Present value of Defined Benefit obligation on account of Merger	8.98			
Current service cost	2.31	1.10	0.74	0.92
Interest cost	1.30	0.99	0.34	0.23
Benefits paid	(2.74)	(6.78)	(2.20)	(2.59)
Actuarial (gain) / loss on obligation	(0.61)	0.82	1.52	0.47
Present value of obligation as at March 31, 2015	17.80	8.55	3.60	3.19
<b>D</b> Changes in Fair value of Asset during the year ended March 31, 2015				
Fair value of plan assets as at April 1, 2014	6.53	10.56	-	-
Fair value of plan assets on account of Merger	4.35			
Expected return on plan assets	0.96	0.56	-	-
Contributions made	2.43	2.06	2.20	2.59
Contributions - Transfer from other funds	0.10	0.12		
Benefits paid	(2.74)	(6.78)	(2.20)	(2.59)



	Actuarial gain / (loss) on plan assets	<b>0.02</b>	-	-	-
	Fair value of plan assets as at March 31, 2015	<b>11.65</b>	6.52	-	-
E	Actual return on plan assets for the year ended March 31, 2015				
	Expected return on plan assets	<b>0.96</b>	0.56	-	-
	Actuarial gain / (loss) on plan assets	<b>0.02</b>	-	-	-
	Actual Return on plan assets	<b>0.98</b>	0.56	-	-
F	Actuarial Assumptions				
	Discount rate	<b>8.00%</b>	8.00%	<b>9.10%</b>	9.10%
	Expected rate of return on plan assets	<b>8.85%</b>	8.85%	-	-
	Rate of increase in compensation levels	<b>4.50% / 7.0%</b>	4.50% / 7.0%	<b>4.50% / 7.0%</b>	4.50% / 7.0%

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

#### 34 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 Rs.0.03 Crores (Rs.Nil Crores) 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 Rs.0.23 Crores (Rs. Nil Crores) of the cash flow hedges and forward contracts / options are recognised in the profit and loss account.

### 35 Derivative Instrument and Unhedged Foreign Currency Exposure

S.No	Purpose	Nature	Currency	31.03.15	31.03.14	31.03.15	31.03.14
				FCY Amount in Crores	FCY Amount in Crores	Rs. in Crores	Rs. in Crores
<b>1</b>	<b>Forward Currency Swap Outstanding</b>						
	ECB Loan taken in USD 3,250,000 and swapped against INR	Cross Currency Swap	INR	0.02	0.12	1.10	5.48
	ECB Loan taken in USD 5,000,000 and swapped against INR	Cross Currency Swap	INR	0.18	0.32	7.88	14.18
	ECB Loan taken in USD 5,000,000 and swapped against INR	Cross Currency Swap	INR	0.28	0.41	14.96	21.61
	ECB Loan taken in USD 1,900,000 and swapped against INR	Cross Currency Swap	INR	0.05	-	2.15	-
2	Payable in USD	Currency Swap	INR	0.21	0.08	13.31	4.61
	Receivable in USD	Currency Swap	INR	0.30	-	18.77	-
	Receivable in EURO	Currency Swap	INR	0.02	0.06	1.49	5.41
3	Receivable in USD	Currency Options	INR	-	-	-	-
	Receivable in EURO	Currency Options	INR	-	0.02	-	1.93
<b>4</b>	<b>Unhedged Foreign Currency Exposure</b>						
a)	PCFC Loan in USD		USD	0.09	0.10	5.43	5.69
b)	PCFC Loan in EURO		EURO	-	0.08	-	6.18
	Buyer's Credit in USD		USD	0.06	-	3.80	-
c)	Outstanding Debtors		USD	0.38	0.05	24.11	3.18
			EURO	0.03	-	2.15	-
			GBP	0.00	0.00	0.02	0.05
			AUD	-	0.00	-	0.08
	EEFC balance in USD		USD	0.00	-	0.00	-
d)	Outstanding Creditors - Goods		USD	0.09	0.04	5.29	2.12
			EURO	0.00	0.00	0.03	0.03
			GBP	(0.00)	(0.00)	(0.01)	(0.01)
			SGD	-	(0.00)	-	(0.01)
			JPY	1.93	-	1.00	-
e)	Outstanding Creditors - Expenses		USD	0.01	-	0.39	-
			EURO	0.00	0.00	0.00	0.36
			AUD	0.00	0.00	0.19	0.02

**36 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.

<b>37 Earnings Per Share</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
Profit after Tax (Rs.Crores) (A)	<b>23.48</b>	(29.09)
Number of equity shares of Rs. 10 each at the beginning of the year	<b>5,150,992</b>	5,150,992
Add: Equity Shares pending allotment to KML Shareholders pursuant to Merger	<b>1,568,000</b>	-
Number of equity shares of Rs. 10 each at the end of the year (B)	<b>6,718,992</b>	5,150,992
Earnings Per Share Basic - in Rupees	<b>34.94</b>	(56.48)
Earnings Per Share Diluted - in Rupees	<b>34.94</b>	(56.48)

- 38** As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the company. While there is no applicability u/s.135(1) to make contribution, the company has voluntarily contributed Rs. 0.08 Crores towards Corporate Social Responsibility.
- 39** As required under Schedule II of the Companies Act, 2013, the Company has adopted the revised estimates of the useful life of the tangible assets w.e.f April 1, 2014. Consequent to this change the depreciation for the year is higher by Rs. 3.73 Crores. Out of which an amount of Rs. 2.45 Crores is in respect of the residual value of assets where in the remaining useful life has become "Nil".
- 40** 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.
- 41** There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31<sup>st</sup> March 2015.
- 42** Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to Rs. 1.20 Crores (Previous Year Rs. 0.72 Crores)
- 43** Exceptional Item represents
- 43.1** Profit on sale of company's part land in Alandur, Chennai amounts to Rs. 44.58 Crores (net of selling expenses of Rs. 0.41 Crores) (Previous Year Rs. 0.49 Crores)
- 43.2** Voluntary Retirement Scheme (VRS) expenditure in the nature of employee benefits paid to employees opted for VRS amounts to Rs. Nil (Previous Year Rs. 40.76 Crores)

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

<b>Particulars</b>	<b>31.03.2015 Rs. in Crores</b>	31.03.2014 Rs. in Crores
a) Principal amount due	<b>0.08</b>	0.22
Interest due on the above	<b>0.00</b>	0.00
b) Interest paid during the period beyond the appointed day	<b>0.01</b>	0.01
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	<b>0.81</b>	1.71
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	<b>0.00</b>	0.01
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.		

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

Previous year figures do not include the figures of erstwhile Kar Mobiles Limited which is amalgamated with the Company effective April 1, 2014. Consequently, the previous year's figures are not comparable with the figures for the year ended March 31, 2015.

**46** 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

**P.S. KUMAR**  
Partner  
Membership No. 15590

CHENNAI  
May 22, 2015

**HARISH LAKSHMAN**  
Vice Chairman

**V.SUBRAMANI**  
Company Secretary

For and on behalf of the Board

**L.GANESH**  
Chairman & Managing Director

**B.Suresh Kumar**  
Chief Financial Officer

# Particulars of Directors, Key Managerial Personnel and Employees

## A. Details as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### 1. Remuneration paid to Directors and Key Managerial Personnel

Name	Designation	Remuneration FY 2014-15 (In Rupees)	% increase/ (decrease) of remuneration FY 2014-15	% increase/ (decrease) in PBT for FY 2014-15	Ratio of remuneration to median remuneration of employees
Key Managerial Personnel:					
Mr L Ganesh	Chairman and Managing Director	-	NA	24%	NA
Mr B Suresh Kumar	Chief Financial Officer	23,99,723	NA*	24%	NA
Mr V Subramani	Secretary	9,19,594	NA*	24%	NA

\* Since appointment of Key Managerial Personnel commenced during 2013-14, the variation in remuneration for 2014-15 is not comparable.

Note : No remuneration was paid to directors, except sitting fees for attending meetings of the Board / Committees thereof. None of the other directors receive any remuneration from the Company except by way of sitting fees. No sitting fee is paid to Mr L Ganesh, Chairman and Managing Director for attending the meetings of the board or other committees of the board. However, during 2014-15, for those board meetings of erstwhile Kar Mobiles Limited (KML) attended by Mr L Ganesh, sitting fees of Rs. 82,500/- was paid by KML.

- Median remuneration of the employees of the Company for FY 2014-15 is Rs. 3,60,914/-. Median remuneration increased during the year by 2%.
- Number of permanent employees on the rolls of the Company as on March 31, 2015 was 1,276 as against 988 on March 31, 2014.
- Relationship between average increase/decrease in remuneration and company performance:  
During Financial Year 2014-15, the sales grew by 50% and Profit Before Tax grew by 24%. Whereas the average remuneration increased by 11%.
- Comparison of remuneration of the Key Managerial Personnel(s) against the performance of the Company:  
The total remuneration of Key Managerial Personnel increased by 18% whereas the Profit before Tax increased by 24%.
- Average percentile increase already made in salary of employees other than the managerial personnel in last financial year as against percentile increase in managerial remuneration:  
Not applicable, since no managerial remuneration was paid.
- Ratio of remuneration of the highest paid director to that of employees who are not directors but receive remuneration in excess of highest paid director during the year:  
Not Applicable. No remuneration is paid to directors except sitting fees for attending meetings of the Board/ committees thereof and commission to Chairman. Hence, not comparable with the remuneration paid to the employees.

8. Key parameters for any variable component of remuneration availed by the directors:

There was no key variable component in the remuneration paid to the directors.

9. (i) Variation in market capitalisation and price earning ratio:

(Rupees in Crores)

	March 31, 2015	March 31, 2014	% change
Market capitalisation of the Company (based on closing prices quoted on BSE)	283.30	79.43	256.68%
Price earnings ratio (based on closing prices quoted on BSE)	15.74	(2.73)	676.57%

(ii) Percent increase over/decrease in the market quotations of shares of the company as compared to the rate at which company came out with last public offer:

Not applicable, since the Company has not made any public offer and the equity share capital of the company represents shares allotted pursuant to a Scheme of Demerger, Merger and Amalgamation under Section 391-394 of the Companies Act, 1956 as sanctioned by the Hon'ble High Court of Judicature at Madras vide its order dated December 26, 2007.

10. It is hereby affirmed that the remuneration paid is in accordance with the remuneration policy.

**B. Details as per Rule 5 (2) & 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

i. Employed throughout the financial year with remuneration not less than Rs. 60 lakhs per annum.

Name	Designation	Remuneration (Rs. in Crore)	Qualifications	Age (in years)	Experience (in years)	Date of Joining	Nature of employment (Permanent / contractual)	Previous employment & designation	No. of shares held in Company	Relationship with any director / manager
S. Mohan	President	0.71	B.E (Mech.), M.B.A.	50	28	01.06.2012	Permanent	RANE TRW Steering Systems Private Ltd.	Nil	NA
S. Krishnamurthy	President	0.62	B.Tech (Mech Engg.), Post Graduate in Diploma in Materials Management	59	35	01.01.2004	Permanent	Eicher Motors Ltd	Nil	NA

ii. Employed for part the financial year with remuneration not less than Rs.5 lakhs per month: NIL

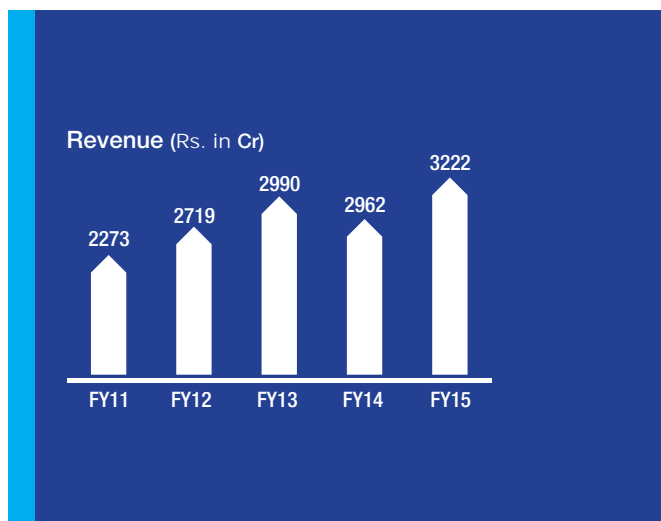
# Our Parent Company

## Rane Holdings Limited

Engaged primarily in manufacturing auto components for well over five decades, Rane Group is a preferred supplier to major OEMs in India and abroad.

Besides, Rane also commands a significant business in the replacement segment. It caters to a wider section of automobile industry including Passenger Car, Light Commercial Vehicle, Medium & Heavy Commercial Vehicle, two-wheeler, three-wheeler, Multi Utility Vehicle and Farm Tractor. It operates 27 strategically located plants in India.

Rane Holdings also have a minor non-automotive portfolio in aerospace and defence through an associate company. Operational excellence through total quality management (TQM) remains Rane's hallmark, aptly reflected in the three Deming Grand Prize and four Deming Prize bestowed upon its group companies.



## Rane Holdings Limited

Subsidiaries	Joint Ventures	Associates
Rane (Madras) Ltd.	Rane TRW Steering Systems Pvt. Ltd.	SasMos HET Technologies Ltd.
Rane Engine Valve Ltd.	Rane NSK Steering Systems Pvt. Ltd.	
Rane Brake Lining Ltd.	JMA Rane Marketing Ltd.	
Rane Holdings America Inc.		







**Rane Engine Valve Limited**

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