

# Rane Engine Valve Ltd.

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

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REVL/SE/ 13 /2019-20

June 26, 2019

<b>BSE Limited</b> Listing Centre Scrip Code: <b>532988</b>	<b>National Stock Exchange of India Ltd.</b> NEAPS Symbol: <b>RANEENGINE</b>
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Dear Sir / Madam,

**Sub: 47<sup>th</sup> Annual Report – 2018-19**

**Ref: Letter No. REVL/SE/12/2019-20 dated June 25, 2019**

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), we enclose herewith the copy of 47<sup>th</sup> Annual Report 2018 -19 along with Notice of Annual General Meeting of the Company.

We request you to take the above on record as compliance under relevant regulations of SEBI LODR and disseminate the same to the stakeholders.

Thanking you.

Yours faithfully,

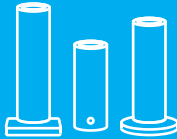
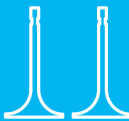
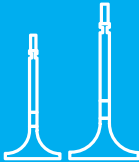
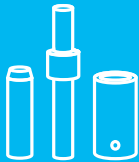
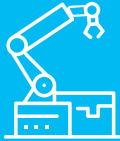
For Rane Engine Valve Limited

  
  
Kalidoss S  
Secretary

Encl: a/a

✓

# Driven by determination. Progressing with optimism.



# Read Inside

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### 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 know 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.

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[ranegroup](https://www.facebook.com/ranegroup)



[ranegroup](https://www.linkedin.com/company/ranegroup)



## Growth in numbers, 2018-19

₹ 424.9 Crores

↑ 12.7% Total Income

₹ 19.9 Crores

↑ 29% EBITDA



₹ -13.6 Crores

↑ ₹3.49 Crores PAT



## Our products portfolio

Engine Valves

Valve Guides

Tappets

# Our five-decade long journey has been about embracing the opportunities and enduring the challenges of changing times.

The year 2018-19 was no different. After a period of buoyancy, demand suddenly turned sluggish in the latter half and we witnessed inflationary pressure on material cost.

The challenging environment, however, strengthened our resolve of getting our plans back on track and renewed our focus on robust execution. We continued to win customer accolades, remained their partner of choice, aggressively pursued new businesses, expanded capacity and capabilities.

We remain optimistic about the opportunities in the auto components industry and structural trends remain positive in the long term.

We are working closely with customers to develop innovative solutions and embrace the technological changes in the industry. We are determined to grow and enhance value for our stakeholders, supported by our business excellence programme, dynamic team and disciplined financial architecture.

## **We are driven by determination and progressing with optimism.**

## Rane Engine Value at a glance

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. REVL manufactures engine valves, valve guides and tappets for various IC engine applications. REVL is market leader in Indian OEM and replacement markets. REVL caters to all segments of automobile industries such as passenger vehicles, commercial vehicles, tractors, Two-wheelers and Three-wheelers, stationary engines, railways and marine engines.

### Company snapshot



Manufacturer of valves and valve train components for various engine applications



Domestic market leadership and global exports



World-wide exports



Technologically advanced manufacturing practices








Global excellence in product and process technologies

### Our vision

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

### Manufacturing locations

Location	Products	Segments
 Ponneri (Chennai)	Engine valves, Guides & Tappets	Two-wheelers, Passenger vehicles, Tractors
 Trichy	Engine valves	Two-wheelers, Passenger vehicles, Commercial vehicles
 Medchal (Hyderabad)	Engine valves	Tractors, Passenger vehicles, Commercial vehicles, Industrial & Stationary engines
 Aziz Nagar (Hyderabad)	Engine valves	Two-wheelers and Passenger vehicles
 Hirehalli (Tumakuru)	Large Engine valves	Commercial vehicles, Tractors, Industrial, Locomotives, Stationary and Marine engines

## Key customers

### Original Equipment Manufacturers (OEMs)



## Technology capabilities

We are known for our global excellence in product and process technologies. We have end-to-end capabilities to design and develop valves, guides and tappets. Our design team includes IC engine specialists, CAD and CAM application experts and software analysts. We have a state-of-the-art test laboratory for material characterisation, simulated test rigs and engine dynamometer test.

We continuously upgrade our technology to keep pace with changing legislations on emission norms and fuel efficiency and proactively run R&D engagements with customers to capture market dynamics. Our light weight valves help to meet changing emission norms and improved fuel efficiency.

Engine valve manufacturing is process-intensive with higher value addition. We possess state-of-the-art welding technologies – TIG, PTA, Button, Friction for design and cost optimisation. Further, we have capabilities to manufacture valves with high nickel alloys and fully automated chrome plating.

## Quality standards

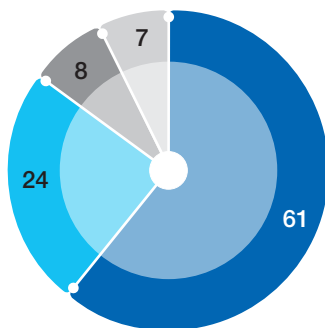
As a preferred supplier in the industry, we have an unrelenting focus on quality. We have received several recognitions and awards from OE customers and our operations are accredited and certified for quality, occupational health and safety management systems.

## Quality accreditations

- **ISO 9001:2015**  
Quality Management Systems
- **IATF 16949:2016**  
Quality Management Systems
- **ISO 14001:2015**  
Environmental Management Systems
- **BS OHSAS 18001:2007**  
Occupational Health and Safety Management System, Trichy & Tumkur Plant
- **Deming Prize**  
Total Quality Management

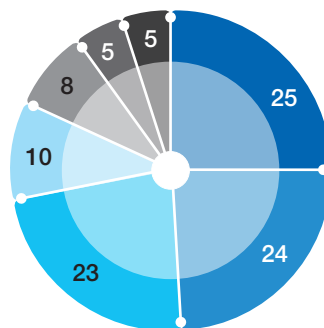
## Revenue split (Total ₹ 424.9 Crores)

By market (%)



- India-OEM & OES
- International-OEM
- India-aftermarket
- International-aftermarket

By vehicle segment (%)



- Passenger car
- Stationary engine & others
- 2 wheeler/ 3 wheeler
- Farm tractors
- Medium & heavy commercial vehicles
- Multiutility & multipurpose vehicles
- Small & light commercial vehicles

# Our report card

## KEY PERFORMANCE HIGHLIGHTS

(₹ in Crores)

FINANCIAL YEAR	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Total income *	424.86	377.01	357.63	352.55	399.23	266.95	266.25	309.19	289.70	237.23
EBITDA	19.92	15.46	115.24	24.10	78.30	-8.38	11.75	55.13	39.66	29.10
PBT	-20.49	-21.13	77.57	-17.66	31.46	-43.56	-18.92	-28.72	-16.12	7.00
PAT	-13.57	-17.06	57.69	-12.54	23.48	-29.09	-12.61	20.77	10.80	4.30
Earnings Per Share (₹)	-20.20	-25.40	85.86	-18.67	34.94	-56.48	-24.47	40.32	20.97	8.35
RoCE (%)	-4.17	-5.50	35.30	-1.34	21.12	-14.03	-4.45	18.03	12.46	7.50
RoNW (%)	-10.12	-11.33	43.86	-11.48	26.32	-37.56	-12.83	21.33	12.54	5.31

## BALANCE SHEET HIGHLIGHTS\*\*

(₹ in Crores)

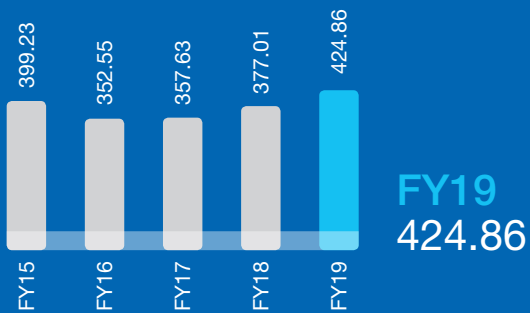
FINANCIAL YEAR	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11
Equity Share Capital	6.72	6.72	6.72	6.72	5.15	5.15	5.15	5.15	5.15
Shareholders' funds	127.31	140.98	160.05	102.95	115.52	62.91	92.00	104.61	90.12
Non-current Liabilities	47.85	44.30	36.59	68.67	68.88	80.51	66.45	56.27	55.89
Current Liabilities	167.92	135.09	109.68	137.90	158.45	106.35	92.63	101.66	88.00
Non-current assets	161.89	160.88	164.07	186.44	195.66	168.86	167.04	159.50	141.98
Current assets	181.19	159.49	142.25	123.07	147.19	80.91	84.04	103.04	92.03

\* Total Income are net of excise duty.

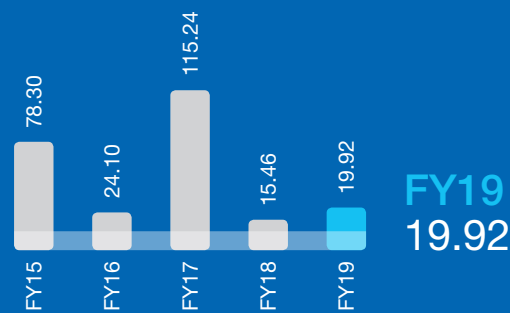
\*\* Pertains to revised Schedule VI to Companies Act, 1956 / Schedule III to Companies Act, 2013 applicable years only

Note : 1. Figures for FY 19, FY 18 and FY 17 are as per Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013. Hence these figures are not comparable with the corresponding figures reported for the previous years.  
2. EBITDA, PBT and PAT are inclusive of exceptional items, if any, for the respective financial years.

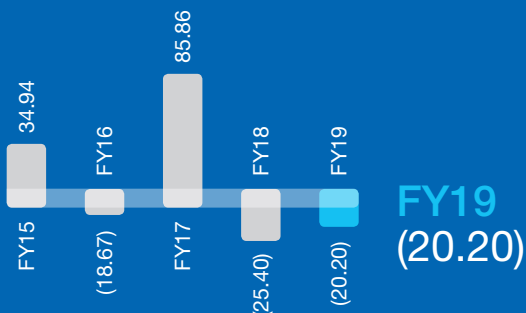
### Total Income (₹ in Crores)



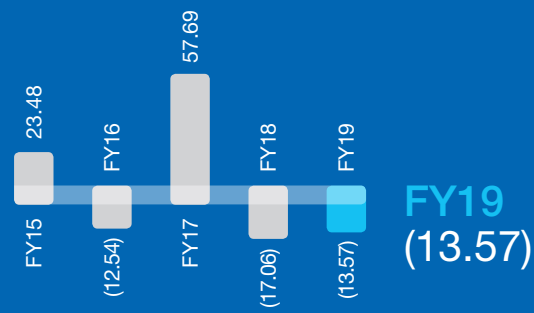
### EBITDA (₹ in Crores)



### EPS (₹)



### PAT (₹ in Crores)







## Business highlights, FY 2018-19

**1** Secured new orders with potential revenue of ₹ 60 Crores

**2** Invested ₹ 23 Crores to augment capacity for meeting additional share of business and peak demand of key customers

**3** Capacity utilisation improved by 600 bps during the year

**4** Proactive R&D engagement with customers and alignment of technology road map

**5** Continued the good performance on external quality with customer line rejection level sustaining less than 10 parts per million for major automotive OE customers



## Awards and accolades

### Customer Awards



“Commitment to Quality” awarded to Tumkur plant by Eicher Engines (A unit of TAFE Motors & Tractors Ltd.)



Obtained “A” grade status for Trichy plant from VE Power Train

Outstanding contribution in Quality & Delivery excellence award by VE Power Train



Award on “Q” Marshal Competition conducted by Hyundai Motor India



Medchal Plant received one Gold Award from National Quality Circle Forum of India (QCFI)

Ponneri Plant won Platinum Award in SMED Competition and also QIT Competition held at ABK AOTS DOSOKAI, Chennai

Tumkur Plant won Golden Safety Award from Karnataka State Department of Factories



## From the Chairman and Managing Director's desk



We worked with determination on meticulously crafted set of turnaround initiatives.

**Dear Shareholders,**  
The global automotive industry landscape continues to transform, and along with it the auto components industry. With India already cementing its place as a global component sourcing hub, we are well positioned to navigate through the emerging challenges and capitalise on the upcoming opportunities. Our tradition of pursuing excellence and keeping 'customer at the core' remained intact this year as well, backed by determination, prudent foresight and strong business fundamentals.

### **Economy overview**

The synchronised upswing in the global economy that began around mid-2016 suddenly changed course in the second half of 2018 as the continued momentum in manufacturing and trade dissipated. Sentiments were further dampened by the hardening of US interest rates, volatile crude prices, along with uncertainty over Brexit and heightened rhetoric around protectionism.

The Indian GDP growth dipped below 7% for full-year 2018-19, after growing at 7.5% in the first half, due to weak industrial output, and overall subdued demand. However, with the election overhang now behind us, the economy should grow at over 7% going forward, driven by the government's resolve towards achieving fiscal consolidation and continued push for structural reforms.

The Indian automobile industry too had started FY 2018-19 on a positive note, supported by normal monsoon, rising rural demand, the government's infrastructure push and rise in industrial activity. However, most vehicle segments witnessed a considerable slowdown in the second half due to higher fuel prices, lower financing availability, steep price increase on account of insurance regulation changes in September 2018.

### Driven by determination

It was quite a challenging year for our Company with varied demand and inflationary pressure on raw material cost. This is more pronounced as we were undergoing a turnaround phase. We countered the challenge by increasing capacity through debottlenecking, improving efficiency and reducing operational costs. I'm happy to report double digit revenue growth, which has been highest in past five years.

We have significant positives, which helped us in progressing well on the turnaround plan. Our strong connect and quality performance with customers have helped to win customer confidence and support during this phase. We have handled volume ramp up and strengthened customer engagements. We are also proactively tapping into new non-automotive market segments such as Industrial and Marine engines.

Our management worked with determination on meticulously crafted set of turnaround initiatives. Old machines and equipment were refurbished to improve process capability and availability. Initiatives were taken to enhance skills of operators and key resources in the shop floor. We also augmented corporate and plant management

teams to improve the operational performance. There has been good improvement in capacity utilisation in our Company

We are gaining further market prominence with innovative products and customer delights. We will continue to aggressively defend and improve our market share with Indian customers and explore opportunities globally. We are 'Driven by Determination' and remain confident about our strategy of delivering profitable growth.

### Progressing with optimism

The first half of FY 20 appears challenging with slowing demand in most of the vehicle segments. The anticipated pre-buy on account of transition to BS VI, normal monsoon, the government's continued reforms and infrastructure push are likely to propel growth. We remain optimistic about the evolving opportunities in the auto component industry and the structural trends remain positive in the long term.

We will continue to invest in R&D and drive innovations to build value-add products. We will introduce new technologies in India and tap into opportunities to supply in export markets.

**REVL is gaining further market prominence and we remain confident about our strategy of delivering profitable growth.**

We are working on various measures to manage cost during this uncertain demand environment in the short term. The demand indications from global customers are encouraging to offset any vagaries in demand from Indian customers. The operational performance improvement continues to remain a priority and various strategic initiatives are being planned to reduce cost.

We are progressing with optimism on long term market opportunities and determined to drive efficiencies to create value for all our stakeholders. On behalf of the Board of Rane Engine Valve Limited, I would like to thank all our stakeholders – Customers, Employees, Partners, Vendors, Bankers, Government, Communities and most importantly you – our shareholders, who have been part of this exciting journey.

Yours sincerely,

**L Ganesh**

Chairman and Managing Director

## Corporate information

### Board of Directors

Mr. L Ganesh, Chairman and Managing Director  
Mr. Harish Lakshman, Vice Chairman  
Mr. Ashok Malhotra  
Dr. (Ms.) Brinda Jagirdar  
Mr. C N Srivatsan  
Mr. Krishna Kumar Seshadri  
Mr. L Lakshman

### Audit Committee

Mr. C N Srivatsan, Chairman  
Mr. Ashok Malhotra  
Mr. Krishna Kumar Seshadri  
Mr. L Lakshman

### Stakeholders' Relationship Committee

Mr. Ashok Malhotra, Chairman  
Mr. C N Srivatsan  
Mr. L Ganesh

### Nomination and Remuneration Committee

Mr. Ashok Malhotra, Chairman  
Mr. C N Srivatsan  
Mr. L Lakshman

### Corporate Social Responsibility Committee

Mr. L Lakshman, Chairman  
Mr. L Ganesh  
Mr. Krishna Kumar Seshadri

### Vice President - Finance & Chief Financial Officer

Mr. V K Vijayaraghavan

### Secretary

Mr. Kalidoss S

### Listing of Shares on

BSE Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

### Statutory Auditors

M/s. Varma & Varma,  
Chartered Accountants,  
'Sreela Terrace', Level 4, Unit - D,  
105, Gandhi Nagar 1st Main Road,  
Adyar, Chennai - 600 020

### Secretarial Auditors

M/s. S Krishnamurthy & Co.  
Company Secretaries,  
"Sreshtam", Old No.17, New No.16,  
Pattammal Street, Mandaveli,  
Chennai - 600 028

### Cost Auditors

M/s. Jayaram & Associates  
Cost Accountants,  
10, Rajan Street, T. Nagar,  
Chennai - 600 017.

### Bankers

HDFC Bank Limited, Chennai  
Kotak Mahindra Bank Limited, Chennai  
SBI, Industrial Finance Branch, Chennai  
Yes Bank Limited, Chennai  
Standard Chartered Bank, Chennai  
Federal Bank Limited, Chennai  
IndusInd Bank Limited, Chennai

### Registered Office

**Rane Engine Valve Limited**  
CIN: L74999TN1972PLC006127  
"MAITHRI", 132, Cathedral Road,  
Chennai - 600 086.  
Phone: +91 44 28112472  
Fax: +91 44 28112449  
Email: investorservices@ranegroup.com

### Head office

P. B. NO.: 3149, R. R. Tower V-Level IV,  
Plot No.: 33-A, (South Phase),  
Developed Plot at Thiru. Vi. Ka.  
Industrial Estate, Ekkaduthangal,  
Chennai - 600 032.

### 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, Telangana
3. Survey No.177/20, Hyderabad- Vikarabad Road, Aziz Nagar - 500 075, R. R. District, Telangana
4. Survey Nos. 109, 111 & 121, Seniapatti, Kasavanur Village, Viralimalai Union - 621 316, Pudukottai District, Tamilnadu.
5. Plot No. 36B & 37, Hirehalli Industrial Area - 572 168 Tumakuru, Karnataka

### Registrar and Transfer Agent

Integrated Registry Management Services Private Limited  
"Kences Towers", 2nd Floor,  
No. 1, Ramakrishna Street,  
North Usman Road,  
T. Nagar, Chennai - 600 017.  
Phone: +91-44-28140801-03;  
Fax: +91-44-28142479  
Email: corpseiv@integratedindia.in  
Website: www.integratedindia.in

# Report of the Board of Directors

Your Directors have pleasure in presenting their Forty Seventh Annual Report together with the accounts for the year ended March 31, 2019 and other prescribed particulars:

## 1. State of Company's affairs

### 1.1 Financial Performance

The financial highlights for the year under review are as follows: (₹ in crores)

Particulars	2018-19	2017-18
Sales and Operating Revenues	422.63	383.41
Other Income	2.23	1.76
Profit / (Loss) Before Tax (PBT)	(20.49)	(21.13)
Provision for tax :		
Current (Net of MAT Credit)	-	-
Deferred	(6.92)	(4.04)
Tax of earlier years	-	(0.03)
Profit / (Loss) After Tax (PAT)	(13.57)	(17.06)
Surplus brought forward	(0.03)	46.58
Transfer to General Reserve	-	(27.54)
Dividend of FY 2016-17 paid	-	(2.02)
Other Comprehensive Income (net)	(0.10)	0.01
Total Comprehensive Income	(13.67)	(17.05)
Amount available for appropriation	(13.70)	(0.03)

Key performance indicators, operational performance and balance sheet summary are furnished in page nos. 4 & 5 of this annual report.

The net sales and operating revenue of the Company for the year 2018-19 was ₹ 422.63 crores as against ₹ 383.41 crores (including Excise duty of ₹ 8.17 crores) for the previous year.

The Company incurred a net loss of ₹ 13.57 crores as against net loss of ₹ 17.06 crores in the previous year. Earnings per share for the year 2018-19 was ₹ (20.20) as against ₹ (25.40) in the previous year

There was no material change or commitments, affecting the financial position of the Company between the end of the financial year of the Company and date of the report other than those disclosed in the financial statements section of this annual report. There was no change in nature of business during the year. The Company continues to be a subsidiary of Rane Holdings Limited (RHL / Holding Company). The Company does not have any associate or joint venture.

### 1.2 Appropriation

The net deficit for the financial year 2018-19 stood at ₹ 13.70 Crores, after adjusting a deficit of ₹ 0.03 Crores brought forward from the previous financial year and adjustments of Other Comprehensive Income (net loss) to the tune of ₹ 0.10 crores.

Considering the financial position of the Company during the financial year, the Board decided not to declare /recommend any dividend for the year 2018-19.

### 1.3 Management Discussion & Analysis

The business of your Company is manufacturing and marketing of auto components for transportation industry viz., engine valves, valve guide and tappet. The analysis on the performance of the industry, the Company, internal control systems, risk management are presented in the Management Discussion and Analysis report forming part of this report and provided in 'Annexure A'.

## 2. Board of Directors

### 2.1 Composition

The Corporate Governance Report given in 'Annexure D' contains the composition of the Board of Directors of the Company.

There is no change in the composition of Board of Directors with reference to the previous year.

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company and available at [http://ranegroup.com/revl\\_investors/terms-conditions-appointment-id/](http://ranegroup.com/revl_investors/terms-conditions-appointment-id/)

All the Directors have affirmed compliance with the Code of Conduct of the Company. The Independent Directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act 2013 (Act) and Regulation 25 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended from time to time. The Board of Directors at its first meeting of the FY 2018-19 has taken on record the declarations and confirmations submitted by the Independent Directors.

During the year, the Board had not appointed any person as an Alternate Director for an Independent Director on the Board.

The Company has obtained a certificate from a Company secretary in practice that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

## 2.2 Retirement by rotation

Mr. Harish Lakshman (DIN: 00012602) is retiring by rotation at the ensuing 47<sup>th</sup> AGM. Being eligible, he offers himself for re-appointment. The proposal for re-appointment of Mr. Harish Lakshman as a Director is included in the notice convening the 47<sup>th</sup> AGM.

## 2.3 Board Meetings

The schedule of meetings of the Board of Directors and Committees of the Board is circulated to the Directors in advance. During the year, six (6) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The gap between two consecutive meetings of the Board of Directors was less than 120 days.

## 2.4 Meeting of Independent Directors

A meeting of Independent Directors was held to assess the quality, quantity and timeliness of flow of information between the management and the Board. The Independent Directors expressed that the current flow of information and contents were good to effectively perform their duties. They also reviewed the performance of the non-Independent Directors and the Board as a whole and the performance of the Chairperson of the Company taking into account the views of other Non-Executive Directors.

## 3. Board and Management

### 3.1 Board Evaluation

During the year, the Board carried out an annual evaluation of its performance as well as of the working of its Committees and individual Directors, including Chairman and Managing Director of the Board. This exercise was carried out through a structured questionnaire prepared separately for the Board, Committees, Chairman and individual Directors, as per the criteria laid down by Nomination and Remuneration Committee. The Chairman's performance evaluation was also reviewed by Independent Directors at a separate meeting during the year.

The evaluation methodology, questionnaire and process were judiciously formulated taking into consideration following parameters of the Board's functioning

- a) Board structure and processes: Composition, appointment process, diversity, approach towards risk assessment, monitoring mechanism for any related party transactions, ethical standards and fairness in decision makings
- b) Meetings and discussions: Adequacy, relevance of information, follow up actions, discussions and debate especially on critical and dissenting views, if any.

- c) Board Information and functioning: Adequacy of time for strategic discussions, integrity of accounting and financial reporting systems and feedback of Independent Directors.
- d) Board committee effectiveness: clarity of charter laid down, effectiveness of reports of the Committees, its mandates and working procedures, its transparency and independency and contributions towards recommendations made to the Board.

The individual Directors' evaluation were carried out with an unbiased approach through peer evaluation focussing on following areas:

- a) Group dynamics i.e., exhibiting positive behaviours, framing of constructive contents and staying engaged while expressing honest opinions.
- b) Competency attributes like having sufficient understanding and knowledge of the Company and operating sector and fulfilling functions assigned to them by the Board and governing laws ; and
- c) Commitment in terms of exercising own judgement, voicing Independent opinions and responsibility towards the Company and its success.

The outcome of the evaluation is also considered by the Nomination and Remuneration Committee while considering re-appointments of Directors on the Board and appointment in various Committees.

The Board acknowledged the key areas of improvement emerging through this exercise and the Chairman discussed with the other Board members during the meetings, the action plans including the need for revisiting the Board meeting schedule to allow sufficient time for discussions on matters of strategic importance and scheduling Directors' visits to the manufacturing facilities and facilitating interaction with the business and functional heads.

Certain strategic discussions at the Board and committee meetings brought to the fore were around long-term strategy in terms of industry trends, technology developments, measures to enhance productivity, innovation and competitiveness and sustainable business models.

Discussions on initiatives taken across the Rane group on areas like Human Resource development especially in the context of talent acquisition & management,



succession planning, employee engagement, leadership development at senior management level and Information and Technology challenges, were given extensive time and focus by the Board.

### 3.2. Familiarisation program for Independent Directors

The familiarisation program for Independent Directors and details of familiarisation program for Independent Directors has been put up on the website and available at [http://ranegroup.com/revl\\_investors/revl-familiarisation-programme-for-independent-directors/](http://ranegroup.com/revl_investors/revl-familiarisation-programme-for-independent-directors/)

### 3.3. Key Managerial Personnel

Mr. L Ganesh, Chairman & Managing Director (MD), Mr. V K Vijayaraghavan, Vice President – Finance & Chief Financial Officer (CFO), Mr. Kalidoss S, Secretary hold the office of Key Managerial Personnel respectively within the meaning of Section 2 (51) of the Companies Act, 2013. During the year there was no change in the Key Managerial Personnel (KMP).

### 3.4. Remuneration policy

The policy on appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) laid down by the Nomination and Remuneration Committee (NRC) of the Board is available on the website of the Company at [http://ranegroup.com/revl\\_investors/policy-on-appointment-remuneration-of-directors-kmp-smp/](http://ranegroup.com/revl_investors/policy-on-appointment-remuneration-of-directors-kmp-smp/).

The details of remuneration paid / payable to the Directors during the financial year 2018-19, is furnished in the Corporate Governance report annexed to this report of the Board.

## 4. Audit

### 4.1 Audit Committee

The terms of reference and meetings of the Audit Committee are disclosed in the Corporate Governance Report section of the Annual Report. The Audit Committee of the Board acts in accordance with the above terms of reference, which is in compliance with the provisions of Section 177 of the Companies Act, 2013 (Act) and Regulation 18 of SEBI LODR and other applicable provision of SEBI LODR, as amended from time to time.

### 4.2. Statutory Auditors

M/s. Varma & Varma, Chartered Accountants (Varma & Varma) were appointed as Statutory Auditors at the 45<sup>th</sup> Annual General Meeting (AGM) held on August 21, 2017, for a period of five consecutive years commencing from the conclusion of 45<sup>th</sup> AGM till the conclusion of the 50<sup>th</sup> AGM.

M/s Varma & Varma has confirmed that they do not suffer from any disqualification under Section 141 of the Companies Act, 2013 and the rules made thereunder. Varma & Varma has also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India.

M/s Varma & Varma has not reported any matter under Section 143(12) of the Companies Act, 2013 requiring disclosure under Section 134(3)(ca) of the Companies Act, 2013.

The statutory auditors report to the members for the year ended March 31, 2019 does not contain any qualification, reservation, adverse remark or disclaimer.

### 4.3. Cost Audit & Maintenance of Cost Records

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors, at their meeting held on July 23, 2018, had appointed M/s. Jayaram & Associates, Cost Accountants, represented by Mr R Jayaraman (Membership no. 26103) as cost auditors of the Company for the financial year 2018-19 as per the recommendations of the Audit Committee, after obtaining necessary certificate under Section 141 of the Act conveying his eligibility for re-appointment. In terms of Section 148(3) of the Companies Act, 2013 remuneration fixed by the Board, based on the recommendation of the Audit Committee is required to be ratified by the members at the AGM as per the requirement of Section 148(3) of the Act. The notice convening the ensuing AGM includes the proposal for ratification of the remuneration payable to the cost auditors.

The Company maintains all such accounts and records as specified by the Central Government under section 148 (1) of the Companies Act, 2013.

### 4.4 Secretarial Auditors

M/s. S Krishnamurthy & Co., a firm of Company Secretaries in practice, are the Secretarial Auditors of the Company. The Secretarial Audit report given in 'Annexure B' was taken on record by the Board of Directors at its meeting held on May 21, 2019. The secretarial audit report does not contain any qualification, reservation, adverse remark or disclaimer.

The Annual Secretarial Compliance report, (hereinafter referred to as 'compliance report'), for FY 2018-19 issued by M/s. S Krishnamurthy & Co., the secretarial auditors of the Company, have confirmed compliance with securities law applicable to the Company and the same has been taken on record by the Board of Directors at their meeting held on May 21, 2019. The

compliance report does not contain any qualification, reservation, adverse remark or disclaimer and the Board has approved filing of the same with the stock exchanges.

#### 4.5. Internal Auditors

M/s. Capri Assurance and Advisory Services, a firm of independent assurance service professionals, continues to be the 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. The internal auditors report directly to the Audit Committee and the Audit Committee while reviewing their performance scope, functioning, periodicity and methodology for conducting the internal audit, has taken into consideration their confirmation to the effect that their infrastructure viz internal audit structure, staffing and seniority of the officials proposed to be deployed etc. which are adequate and commensurate to the scope, functioning, periodicity and methodology for conducting the internal audit.

For FY 2018-19, the Audit Committee has taken on record their certification to the effect that:

- i. They have evaluated the internal control systems and risk management systems and reviewed the risk management systems and management's process of identification and mitigation of risks and controls;
- ii. There were no significant findings requiring follow-up thereon and there were no matters of suspected fraud or irregularity or a failure of internal control systems of material nature requiring investigation or reporting to the Audit Committee/ Board;
- iii. Internal control systems of the Company for financial reporting are adequate and are operating effectively throughout the year;
- iv. There were no deficiencies in the design or operation of internal controls;
- v. There were no significant changes in the internal control over financial reporting during the year under review;
- vi. There were no instances of fraud or involvement therein of management or an employee having a significant role in the entity's internal control system over financial reporting and

- vii. The Company has a proper system for ensuring compliance with all applicable laws and the same is adequate and working effectively.

#### 5. 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 based on the information and explanations obtained by them, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures;
- b) they had selected such accounting policies and applied them consistently and made judgements 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;
- c) they had 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;
- d) they had prepared the financial statements for the financial year on a 'going concern' basis;
- e) they had laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

#### 6. 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 potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen



and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are reviewed by the Audit Committee 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://ranegroup.com/revl\\_investors/revl-policy-on-related-party-transaction/](http://ranegroup.com/revl_investors/revl-policy-on-related-party-transaction/).

None of the Directors or Key Managerial Personnel or Senior Management Personnel has any material financial and commercial transactions, where they have personal interest, which may have potential conflict with interest of the Company at large.

## 7. Corporate Social Responsibility (CSR)

The Rane Group's vision on Corporate Social Responsibility (CSR) is: **"To be 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 of: (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, Chairman & Managing Director and Mr. S Krishna Kumar, an Independent Director, as members. The CSR policy of the Company is posted on our website [http://ranegroup.com/revl\\_investors/corporate-social-responsibility-policy/](http://ranegroup.com/revl_investors/corporate-social-responsibility-policy/). In view of the inadequacy of profits / loss during the immediately preceding three financial years, the Company was not required to spend towards CSR activities during FY 2018-19 as per Section 135 of the Companies Act, 2013 read with rules thereunder and therefore the CSR committee did not recommend any amount towards CSR activities for the year under review.

## 8. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The 'Annexure C' to this report contains the information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

## 9. Particulars of Directors, Key Managerial Personnel 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, Key Managerial Personnel

(KMP) and Employees of the Company are provided in the full version of the Annual Report. The full version of the Annual Report 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's website [www.ranegroup.com](http://www.ranegroup.com).

## 10. Corporate Governance Report

Your Company is a leader in compliance with the corporate governance norms under the SEBI regulations. The Corporate Governance report and the certificate issued by the Statutory Auditors are available in 'Annexure D' to this report.

## 11. Other Disclosures

- a) Details of loan, guarantees and investments, if any, 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) The Consent for Operations (CFO) under the pollution control regulations in one of the manufacturing plants located in the State of Telangana has been obtained vide consent order dated July 16, 2018. 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 policies approved and adopted by the Board have been made available on the Corporate Governance section of the Investor page on the website of the Company viz. [www.ranegroup.com](http://www.ranegroup.com).
- e) The extract of the Annual Return under Section 92(3) of the Companies Act, 2013 in form MGT-9 is available on the website of the Company at [www.ranegroup.com](http://www.ranegroup.com) and in 'Annexure E' to this report.
- f) The Company has complied with the applicable secretarial standards viz., SS-1 on meetings of Board of Directors and SS-2 on General Meetings issued by Institute of Company Secretaries of India as per section 118(10) of the Companies Act, 2013.
- g) The Company does not accept any deposit falling under the provisions of section 73 of the Companies Act, 2013 and the rules framed thereunder.

- h) 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.
- i) 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 dissemination mechanism across the Company. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the period, the details of complaints received / resolved or pending are as under in accordance with provisions of the Companies Act, 2013, as amended from time to time.

No. of complaints received during the financial year – Nil

No. of complaints disposed during the financial year – Nil

No. of complaints pending as of end of the financial year – Nil

There was no complaints reported during the year under review through this mechanism.

- j) Electronic copies of the Annual report and the notice convening the 47<sup>th</sup> Annual General meeting (AGM) would be sent to the members whose email address are registered with the Company or their respective Depository Participants. For members who have not registered their email address, physical copies of the Notice and Annual Report would be sent in the permitted mode.

**For and on behalf of the Board**

**Harish Lakshman**  
Vice-Chairman  
DIN: 00012602

Chennai  
May 21, 2019

**L Ganesh**  
Chairman & Managing Director  
DIN: 00012583

Annexure - A to the Report of the Board of Directors

## Management Discussion And Analysis

### 1. Company Overview

Rane Engine Valve Limited (REVL) is a manufacturer of engine valves, guides and tappets for Passenger Cars (PC), Commercial Vehicles (CV), Farm Tractors, Stationary Engines, Railway/Marine Engines and Two- / Three-wheelers. The Company operates in a single reportable business segment, viz. components for the internal combustion engine industry applicable for stationary and transportation engine applications.

### 2. Economic Review

#### 2.1 Global Economy

Global economy growth started on a strong note fuelled partly by US tax cuts and rising demand for imports. However, as the year progressed, momentum faded and growth started to wane as the increasing interest rates, trade frictions and the imposition of import tariffs hurt economic activity worldwide. According to the estimates of the International Monetary Fund (IMF), global growth is estimated to have slightly tapered down to 3.7% in 2018 and is expected to decline further to 3.5% in 2019 amid weakening sentiment in the global financial markets and further erosion of business and consumer confidence. A range of triggers including trade wars, Brexit, slowdown in China, rising interest rates and tightening financial conditions globally could spark a further deterioration in risk sentiment and derail growth prospects.

#### 2.2 Indian Economy

According to estimates provided by the Central Statistics Office (CSO), India's economy grew at 6.8% in FY19, lower than 7.2% in the previous fiscal. This slowdown has been attributed to slow rural consumption demand, lapses in the manufacturing sector, agricultural distress and unemployment. Tighter financial conditions owing to disruption in the Non-banking Financial Company (NBFC) sector, higher oil prices, adverse terms of trade and lower growth in partner countries continue to be major overhang. Slowdown in growth combined with declining inflation has provided policy makers with room for softening of interest rates to stimulate growth in the economy. As per the IMF, Indian economy is expected to expand to 7.1% in FY20, benefitting from structural reforms and softening interest rates.

### 3. Automobile Industry

#### 3.1 Global Automobile Industry

The US auto industry ended 2018 with sales of 17.3 million new vehicles, recording a 0.3% increase over 2017. While interest rates are rising and used-vehicle supplies are growing, new-vehicle sales continue to be supported by light-truck demand, employment gains, healthy economic growth and lower fuel prices. Generous discounts and steady economic growth fuelled new-vehicle sales throughout the year. There is

a clear shift in car buyers' preferences from traditional sedans to SUVs and trucks driven by lower fuel prices. Global economic slowdown, ongoing tariff wars, impact of new vehicle technologies and the preferences of millennial and Gen Z consumers will determine the course of future demand. According to Centre for Automotive Research (CAR), total industry sales in 2019 is forecast to decline to 16.8-17 million units.

According to the European Automobile Manufacturers' Association (ACEA), car sales in the European Union (EU) remained flat at 15.2 million new registrations, with full-year growth of 0.1% owing to slowing demand in some Western European countries and disruption caused by the introduction of the new Worldwide Harmonised Light-duty Vehicle Test Procedure (WLTP) emissions test in September 2018. Results were diverse among the five major EU markets, with Spain (+7.0%) and France (+3.0%) posting growth, registrations falling slightly in Germany (-0.2%) and demand contracting in Italy (-3.1%) and the UK (-6.8%) last year. The SUV and crossover segments experienced growth at the expense of sedans and hatchbacks. According to forecasts by the ACEA, auto sales are expected to remain flat, staying close to 15 million units. Slowdown in economy, Brexit and tougher WLTP emission test pose serious headwinds to growth outlook.

The global automotive industry is going through an unprecedented change with advancements in innovative technologies and changing consumer preferences. Technology-driven trends such as Connected Vehicles, Autonomous Vehicles, Shared Mobility and Electric Vehicles present huge opportunities as well as challenges.

#### 3.2 Indian Automobile Industry

The Indian automobile industry started the fiscal year on a positive note supported by healthy monsoon, rising rural demand, government's infrastructure push and rise in industrial activity. However, the momentum faded away in the latter part of the fiscal year due to an unabated increase in fuel prices, lower financing availability, steep price increase on account of insurance regulation changes in September 2018, floods in Kerala and heavy monsoons in certain parts of the country.

The Passenger Vehicle (PV) segment experienced muted growth of 0.1% owing to a slowdown in the market. With the continued shift of preference from the PC segment to the Utility Vehicle (UV) segment by end users, the UV segment grew by 0.5% whereas the PC segment declined by 1.3%.

Volumes in the domestic CV segment soared to all-time high, representing 24.1% growth as the segment

benefitted from a lower base as truck sales were hit by the transition to stricter emission norms, Bharat Stage (BS) IV, last year. The Medium and Heavy Commercial Vehicles (M&HCV) segment's growth of 28.4% for the year can be attributed to buoyant demand from the infrastructure industry and benefit of lower base on transition to BS IV last year. Despite the introduction of new axle-load norms, the M&HCV segment continued with strong growth momentum in the first half of the fiscal year. However, there was a sharp decline in the M&HCV segment in the second half of the fiscal due to liquidity crunch amid NBFC crisis and volume alignment post axle-load norms. The Light Commercial Vehicles (LCV) segment reported strong volume growth of 12.4% driven by healthy rural demand and improved demand from the e-commerce sector. The Small Commercial Vehicles (SCV) segment reported substantial volume growth of 39.7%.

Farm Tractors experienced a growth of 11.3% as the farm sentiments remained healthy led by higher farm output, better crop prices and government interventions in the run-up to the 2019 general elections. However, lack of financing due to liquidity constraints in the lending sector and decline in crop area proved to be a dampener in Q4 of FY19.

Two-wheeler volume grew by 5.8% supported by rural demand and strong momentum in export markets.

During the year under review, the volume growth in the Indian automotive industry is represented in the following table:

Vehicle Segment	Production Volume Growth in %	
	FY19	FY18
Passenger Cars (PC)	(1.3)	1.3
Multi-Utility Vehicles (MUV)	0.5	20.2
Multi-Purpose Vans (MPV)	20.6	0.3
Passenger Vehicles (PV)	0.1	5.8
Small Commercial Vehicles (SCV)	39.7	26.8
Light Commercial Vehicles (LCV)	12.4	14.0
Medium & Heavy Commercial Vehicles (M&HCV)	28.4	2.7
Commercial Vehicles (CV)	24.1	11.2
Farm Tractors (FT)	11.3	14.4
Two-wheelers	5.8	16.2

Source: Society of Indian Automobile Manufacturers (SIAM)

## 4. Business Review

### 4.1 Domestic Market

The Company reported 8% growth in domestic market. Sales to Original Equipment Manufacturer (OEM) customers grew by 7% on the back of improved deliveries to Two-wheeler and PC segments and new product launches in the UV segment. In the aftermarket segment, sales grew by 12% despite the engine reconditioning market remaining stagnant. The Company is focusing on new product launches and enhancing its distribution network to achieve higher growth in aftermarket.

The break-up of the domestic sales by market segment is given below: (₹ in crores)

Market	FY19	FY18	Growth in %
OEM	240.10	225.36	7
Aftermarket	35.59	31.87	12
Railways	5.61	2.69	109
Defence	5.57	6.70	-17
<b>Total</b>	<b>286.87</b>	<b>266.62</b>	<b>8</b>

### 4.2 Exports

Exports sales grew significantly by 24% supported by enhanced capacity and delivery ramp-up to European OE customers. Export aftermarket sales declined by 14%. (₹ in crores)

Market	FY19	FY18	Growth in %
OEM	98.04	69.14	42
Aftermarket	28.08	32.78	-14
<b>Total</b>	<b>126.12</b>	<b>101.92</b>	<b>24</b>

The break-up of sales and growth by product applications for the Company is given below:

Market	FY19	FY18	Growth in %
Automotive Engines	313.45	282.40	11
Other Engines	99.55	86.14	16
<b>Total</b>	<b>413.00</b>	<b>368.54</b>	<b>12</b>

Your Company also strengthened its business development efforts and secured orders worth ₹ 60 crores from domestic and export customers.

### 4.3 Operational and Financial Performance

#### 4.3.1 Financial Review

- Revenue from Operations increased by 12.6 % to ₹ 422.63 crores in FY19 from ₹ 375.24 crores in FY18.
- EBITDA increased by 29% to ₹ 19.92 crores in FY19 from ₹ 15.46 crores in FY18.
- Loss after Tax stood at ₹ 13.57 crores for FY19 as compared to Loss after Tax of ₹ 17.06 crores in FY18.

Your Company implemented new operational efficiency improvement programmes and sustained on the ones implemented in the last financial year. The financial turnaround initiatives are progressing as per plan.

#### 4.3.2 Operations and Manufacturing Review

Your Company is continuously focusing on customer centricity through proactive R&D engagement.

Your Company has endeavoured to improve the Research and Development (R&D) process and the people competency. This has resulted in the alignment of the Company's technology road map with that of customer technologies such as emission control, light weighting and fuel efficiency improvements. Your Company continued to develop alternate materials/ technologies in tune with the market demand.

Your Company's R&D continues to actively engage with customers through pre-design reviews with major customers in India and abroad. Over 50 projects are under various stages of engagement with existing and potential customers.

As a part of enhancing cost competitiveness, value engineering is pursued as a key enabler and your Company has successfully implemented several value-engineering projects with key customers.

Your Company continued to improve productivity and quality during the year. Capacity utilisation improved by 600 bps during the year.

Your Company invested ₹ 23 crores to augment capacity for meeting the additional share of business and peak demand of key customers. This included establishing dedicated new lines as well as new machineries to balance existing lines.

Your Company continues its good performance on external quality with customer line rejection level sustaining less than 10 parts per million for major automotive OE customers.

Your Company continued to execute the following key initiatives in the pursuit of returning back to profitability:

- Machines and old equipment were refurbished to improve their process capability and availability.
- New business opportunities are being pursued through proactive customer engagements and by tapping new non-automotive market segments.
- Special initiatives are being taken to enhance the skills of operators and key resources in the shop floor.
- Corporate and plant management teams were augmented to drive forward your Company's efforts on improving the operational performance.

The following quality and environment management system accreditations were received by the Company:

- ◇ All plants are ISO 9001:2005, IATF 16949:2016 and ISO 14001:2015 certified.
- ◇ Trichy and Tumkur plants are BS OHSAS 18001:2007 certified.

During the year, the Company was conferred with the following awards:

- ◇ The Medchal Plant received one Gold Award from National Quality Circle Forum of India (QCFI).
- ◇ The Ponneri Plant won the Platinum Award in SMED Competition and also QIT Competition held at ABK AOTS DOSOKAI, Chennai.
- ◇ The Tumkur Plant won the Golden Safety Award from Karnataka State Department of Factories.

### 4.4 Pursuit of Business Excellence

The Company continued to focus on the 'Business Excellence Model', which was built on the solid foundation of existing Total Quality Management (TQM) practices.

Several new systems and processes have been revisited and the business processes are re-engineered for efficiency and effectiveness. A strong internal



process audit has been established across all plants to continuously identify and implement improvement areas. To focus and improve operational performance, the Operating Committee carries out weekly reviews involving all plants and functions, to understand and resolve issues that impact business performance.

These helped the Company win the following awards from customers:

- ◇ Obtained 'A' grade status for Trichy Plant from VE Power Train
- ◇ Recognised for outstanding contribution in Quality & Delivery Excellence by VE Power Train
- ◇ 'Commitment to Quality' awarded to Tumkur plant by Eicher Engines (a unit of TAFE Motors & Tractors Ltd.)
- ◇ Won award in the 'Q' Marshal Competition conducted by Hyundai Motor India

#### 4.5 Opportunities and Threats

The India auto component industry is in a strong position with proven credentials of cost effectiveness and globally recognised engineering capabilities. Favourable demographics, growing economy, low penetration of cars and a major thrust on infrastructure by the government bodes well for the industry and the Company. Increased awareness on safety features in the vehicles and OEMs preference to improve safety rating of vehicles will increase application rates of occupant safety products.

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

#### 5. 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 their 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 a risk mitigation plan to the Board of Directors on a half-yearly basis.

- Economic slowdown leading to contraction in demand, leading to decreased volumes and capacity utilisation
- Political uncertainty and looming trade war
- Continuing cost reduction demand from OEMs, who are expected to be the major growth drivers in future
- Increasing commodity prices and volatile forex movements

#### 4.6 Outlook

The global economy is expected to clock lower growth in 2019 with factors such as ongoing trade wars, Brexit and slowdown in China impacting the momentum of the global economy, further deteriorating risk sentiment and derailing growth prospects.

At the start of FY20, the domestic consumption and consumer confidence are not expected to encourage automotive sales. Though the first half of FY20 looks challenging, anticipated pre-buy on account of transition to BS VI, favourable monsoon and macro-economic policy direction are likely to stimulate consumption. In this scenario, the Company remains cautiously optimistic and prepared to handle the headwinds in the sector.

The Company is addressing operational performance in the short term to return to profitability. From a long-term perspective, the Company's growth might be impacted as penetration of Electric Vehicles increases. While the Company does not believe the impact will be significant from a 5 to 7 year perspective, the management will be cognisant of this issue for the long term.

The strategic risks are taken into consideration in the annual planning process with their mitigation plans. Other risks are covered as part of internal audit process and presented to the Audit Committee every quarter. The business processes risks and the related controls are subjected to internal audit and reviewed on a quarterly basis. The risk ratings are revalidated with the top management as part of the internal audit process every quarter. The overall re-assessment of risks at the Company level is carried out and presented to the Board of Directors once in two years for their review.

	Risk	Nature of Risk	Risk Mitigation Strategies
Strategic	Industry/ Market Risk	70% of revenue is derived from the Indian automotive sector. Hence, any drop in vehicle production will have a significant impact on the Company's business.	The Company constantly strives to: <ul style="list-style-type: none"> <li>a) Increase revenue from international markets (outside of India)</li> <li>b) Add new products to increase organic revenue and diversify customers across vehicle segments</li> <li>c) Look for opportunities in the non-automotive segments such as Defence, Railways, etc.</li> </ul>
	Technology Obsolescence Risk	The auto industry and customer preference undergoes changes, resulting in technology obsolescence.	The Company has consistently delivered cutting-edge technology products with enhanced R&D capabilities, localisation of testing and validation capabilities. Proactive engagement with customers at an early stage helps the Company capture and work on new technology development.
	Competition	Maintaining market share in the competitive market and availability of unorganised players further pose a challenge.	The Company's long-standing relationship with OEMs, state-of-the-art facilities and best-in-class processes help deliver superior value to the customers. The Company periodically conducts customer surveys to understand customer feedback and works in furthering its relationship with the customers.
Operational	Quality/ Processes	Quality and delivery are sacrosanct for safety-critical products supplied by the Group.	Skilled workforce, imparting job skill enhancement training, enhancing supplier capabilities and robust manufacturing processes help the Company mitigate quality and delivery risk.
	People Risk	Attrition of key personnel could impact business operations and growth.	The Company's HR processes are constantly upgraded to attract, retain and develop talent. The policies are people-centric and industry accolades on HR practices help attract talent. The dedicated training centre supports to build functional capabilities and develop a strong leadership pipeline. The performance management system and other employee engagement initiatives help develop and retain talent.
	Raw Material (Input) Price Risk	Material cost is a significant part of the cost and volatility in the price of raw material costs will erode margin.	The Company constantly strives to mitigate the input cost increases by: <ul style="list-style-type: none"> <li>a) Implementing a procurement function that will work on cost reduction initiatives through alternate sourcing, localisation, etc.</li> <li>b) Negotiating and passing through input cost, which increases suitably, to the customers</li> <li>c) Working on process improvements, yield improvements, etc.</li> </ul>
Financial	Currency Risk	The Company is exposed to foreign currency exchange risk as it exports its products to various countries and imports raw materials.	The Company uses a multi-pronged approach as suitable to the scenarios. It includes: <ul style="list-style-type: none"> <li>a) Optimally balancing the import and export to create natural hedge</li> <li>b) Working with customer-to-index prices to mitigate currency fluctuations</li> <li>c) Taking simple forwards on a rolling basis to protect its export realisation</li> </ul>
	Interest Rate Risk	Use of borrowings to fund expansion exposes the Company to interest rate risk.	The Company manages interest rate risk on the following basis: <ul style="list-style-type: none"> <li>a) Maintaining optimal debt-equity levels</li> <li>b) Using internal accruals to fund expansion</li> <li>c) Constantly optimizing working capital to reduce interest costs</li> </ul>



## 6. Human Resource Development and Industrial Relations

### 6.1 Talent Transformation Initiatives

In FY19, the Company focused on functional and leadership capacity enhancement through the following initiatives:

- Six employees completed Rane Manufacturing Systems Professional (RMSP) programme, an 18-month intervention, and 14 employees are undergoing training in various batches. The programme's objective is to build manufacturing capability focusing on manufacturing processes and systems with a blended learning approach comprising gemba, classroom and online courses.
- The 'Supply Chain as a Source of Competitive Advantage' initiative was rolled out in collaboration with IIM Bangalore to enhance the understanding on the best practices and recent developments for supply chain professionals.
- Lean Production System has been strengthened through implementation of Cross Company Learning. To sustain the Business Excellence practices, select employees who are part of high-potential leadership development track were trained as internal auditors for Rane Business Excellence Audit (R-BEAT).
- The Young Leadership Development (YLD) intervention was launched for first-time managers. Seven employees underwent training and four are undergoing the intervention that has been designed to enhance their organisational, personal and team effectiveness and to impart leadership behaviour through experiential learning.
- The Company continued the High Potential Leadership Development (HPLD) programme and two employees were identified for the fifth batch. They have undergone a development journey comprising development centre, experiential learning and the customised management development programme - 'TOP GEAR' - at Great Lakes Institute of Management and pursued Action Learning Projects on business specific challenges.
- A first-of-its-kind programme called 'Leader as Coach' was introduced with the objective of developing leaders in becoming competent at employee development and engaging in deeper conversations with the team to realise increased commitment towards business results. Leaders

were provided inputs on cultivating appreciation of how change can happen and were trained to develop an understanding of generic coaching skills and processes that are critical to address employee development.

- The senior management team went through a programme on 'Making an Informed Choice' to enhance the effectiveness of hiring decisions

### 6.2 Employee Engagement

The human resource function at Rane Group goes beyond boundaries of compensation and helps employees build meaningful and stable careers. The Company constantly engages with employees to receive their feedback through annual surveys and group discussions. Based on the feedback, several positive changes are introduced in the practices to provide a holistic experience. The Company follows the Great Place to Work (GPTW) framework and conducts the employee engagement survey every year to understand the opinions, attitudes and perceptions of employees, which forms the basis for refining policies and programmes.

### 6.3 HR Technology

The HR digital platform continues to evolve at a rapid pace, creating new service delivery models in a distributed ecosystem. Some of the service models are:

- Employee Lifecycle Management – The onboarding application was launched to enable the new hires to capture the data, repopulate repetitive information in various forms and seamlessly transition data to the Human Resource Management System, thus significantly enhancing the Company's hiring efficiency.
- Compensation and Benefits – Workflow was introduced to enable employees to include dependents, opt for enhanced sum insured by paying additional premium at competitive rates and track claims.
- The Company will implement a comprehensive learning management solution to design and deliver programmes and capture and disseminate analytics on various learning and development initiatives.

This augments well with our already implemented digital initiatives such as performance assessment and development system, internal job posting, etc.

#### 6.4 Policy Initiatives

Rane Group believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. The Rane Whistle-blower Policy was amended to further strengthen the vigil mechanism and speed up the enquiry process.

#### 6.5 Industrial Relations

During FY19, long-term wage settlements with the employee's union was signed in three of the plants. The industrial relations were generally cordial in all the plants.

### 7. Internal Control Systems

The Company has set up a 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 the annual internal audit plan. The scope also covers the internal financial controls and internal controls over financial reporting. The internal audit findings are placed before the Audit Committee at each of its quarterly meetings for review. The management's responses and counter measures are discussed in the Audit Committee meetings. This process ensures robustness of the internal control system and compliance with laws and regulations, including resource utilisation and system efficacy.

### 8. Cautionary Statement

The information and opinions expressed in this Report may contain certain forward-looking statements, which the management believes 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, 2019

**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 of

**Rane Engine Valve Limited**

[CIN: L74999TN1972PLC006127]

"Maithri", No.132, Cathedral Road,

Chennai – 600 086.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RANE ENGINE VALVE LIMITED** ('the Company') during the financial year from April 01, 2018 to March 31, 2019 ('the year' / 'audit period' / 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our examination / verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms and returns filed and compliance related action taken by the Company, during the year as well as after March 31, 2019, but before the issue of this report;
- (ii) Certificates confirming compliance with all laws applicable to the Company, given by the Directors / key managerial personnel of the Company, and noted by the Board of Directors;
- (iii) Report regarding compliance with certain factory related laws given by the Internal Auditors and noted by the Audit Committee; and
- (iv) Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on March 31, 2019, the Company has complied with the statutory provisions listed hereunder and has Board processes and compliance mechanism 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. Compliance with specific statutory provisions

### We further report that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company, the forms, returns, reports, disclosures and information filed, submitted or disseminated during the year, according to the applicable provisions / clauses of:

- (i) The Companies Act, 2013, and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder.
- (iii) The Depositories Act, 1996, and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
  - (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, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR');
- (v) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ('Agreements').
- (vi) Secretarial Standards issued by The Institute of Company Secretaries of India ('Secretarial Standards').

1.2. During the period under review, and also considering the compliance related action taken by the Company after March 31, 2019 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

- (i) Generally complied with the applicable provisions of the Act, Rules, Regulations and Agreements, mentioned in paragraph 1.1 (i) to (v) above; and
- (ii) Generally complied with the Secretarial Standards on 'Meetings of the Board of Directors' (SS-1) and 'General Meetings' (SS-2) mentioned in paragraph 1.1 (vi) above, to the extent applicable to Board meetings and General meetings. Secretarial Standards on 'Dividend' (SS-3), being non-mandatory has not been adopted by the Company. Secretarial Standards – 4 (SS-4) on 'Report of the Board of Directors' (non mandatory) came into effect from October 01, 2018, after approval of the report of the Board of Directors for the financial year ended March 31, 2018; and hence compliance with same did not arise during the year.

1.3. We are informed that, during / in respect of the year:

- (i) The Company was not required to comply with the following laws / rules / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms or returns under:
  - (a) 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;
  - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with clients;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations ['SEBI ICDR'], 2009 (upto November 09, 2018) and the SEBI ICDR, 2018 (from November 10, 2018);

- (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and
- (g) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.
- (ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.

## 2. Board processes

### We further report that:

#### 2.1 Board constitution and balance

- (i) The constitution of the Board of Directors of the Company during the year, was in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), and SEBI LODR.
- (ii) As on March 31, 2019, the Board of Directors of the Company comprises of:
  - (a) 1 (one) Executive Director;
  - (b) 2 (two) Non-Executive Non-Independent Directors; and
  - (c) 4 (four) Independent Directors, including 1 (one) Independent Woman Director.
- (iii) The processes relating to the following changes in the composition of the Board of Directors during the year, were generally carried out in compliance with the applicable provisions of the Act and SEBI LODR:
  - (a) Re-appointment of Mr. L Lakshman (DIN: 00012554) as a Director, upon retirement by rotation at the 46<sup>th</sup> Annual General Meeting (AGM) held on July 23, 2018.
  - (b) Re-appointment of Dr. (Ms.) Brinda Jagirdar (DIN: 06979864) as an Independent Director for a second term, to hold office for a period of 5 (five) consecutive years from the conclusion of the 46<sup>th</sup> AGM held on July 23, 2018 till the conclusion of the 51<sup>st</sup> AGM or July 22, 2023, whichever is earlier.

## 2.2 Board meetings

- (i) Adequate notice was given to all the Directors to enable them plan their schedule for the Board Meetings.
- (ii) Notice of Board meetings was sent to all the Directors atleast 7 (seven) days in advance.
- (iii) Agenda and detailed notes on agenda were sent to the Directors atleast 7 (seven) days before the Board meetings, with the exception of the following items, which were either circulated separately or at the Board meetings:
  - (a) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
  - (b) Additional subjects / information / presentations and supplementary notes.

2.3 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.

2.4 We are informed that, at the Board meetings held during the year:

- (i) Majority decisions were carried through; and

- (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

## 3. Compliance Mechanism

### We further report that:

- 3.1 There are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

## 4. Specific Events / Actions

### We further report that:

- 4.1 During the audit period, no specific events / actions having a major bearing on the Company's affairs, took place in pursuance of the above referred laws, rules, regulations and standards.

For **S Krishnamurthy & Co**  
Company Secretaries

**R Sivasubramanian**  
Partner

Chennai  
May 21, 2019

Membership No: A22289  
Certificate of Practice No: 12052

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

To,  
The Members  
**Rane Engine Valve Limited**  
[CIN: L74999TN1972PLC006127]  
“Maithri”, No.132, Cathedral Road, Chennai – 600 086.

**Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended March 31, 2019 is to be read along with this letter.**

1. The Company’s management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after March 31, 2019, but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to

us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Companies Act, 2013.
7. We have obtained the Management’s representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our 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

**R Sivasubramanian**  
Partner

Chennai  
May 21, 2019

Membership No: A22289  
Certificate of Practice No: 12052

## Annexure - C 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]

### A. Conservation Of Energy

#### Steps taken or impact on conservation

- 31 energy saving projects have been implemented
- 3,81,275 units (kwh) have been saved through these energy saving projects
- ₹ 30,50,200 have been saved

#### Steps taken utilising alternate sources of energy

- 72,49,147 units (kwh) have been utilized from windmill.

#### Capital investment in energy conservation equipment

- Company has made the investment in equity shares of 90,000 nos valued for ₹ 90,00,000 with M/s. Capsol Energy Private Limited for availing Solar Energy for Tamil Nadu Plants.

### B. Technology Absorption

#### Efforts made towards technology absorption

- Continued to work New Materials / process technology for valves to meet emerging Industry trends – high power and low emissions
- Focus on weight reduction, friction and wear reduction with specific plans for stricter emissions norms

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

- Localisation of High Cost Alloys
- Alternate appropriate high heat resistant Valve steel materials
- Low cost surface coating solutions for wear reduction
- Entry into Niche large valve markets

#### Details of Imported Technology (during the last 3 years reckoned from the beginning of the FY 2018-19)

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

#### Research and Development expenditure incurred

(₹ in crores)

Particulars	2018-19	2017-18
A Capital expenditure	0.30	0.18
B Recurring expenditure	1.69	1.49
C Total	<b>1.99</b>	<b>1.67</b>
D Total R & D expenses as a percentage of total turnover	0.47 %	0.43%

### C. Foreign Exchange Earnings And Outgo

(₹ in crores)

Foreign Exchange	2018-19	2017-18
Earnings	126.12	101.92
Outgo	64.94	41.40

For and on behalf of the Board

**Harish Lakshman**

Vice-Chairman  
DIN: 00012602

Chennai  
May 21, 2019

**L Ganesh**

Chairman & Managing Director  
DIN: 00012583



## Annexure - D 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 of 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 those under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR).

### 2. Board of Directors

#### Composition, Attendance & Meetings

As on March 31, 2019 the Board consists of seven Directors of which four are Independent Directors, two are Non-Executive Directors and one Chairman and Managing Director. There are no Alternate Directors on the Board. The composition of the Board is aimed at maintaining an appropriate balance of skills, background, experience and knowledge of the Board

and the same as at end of FY 2018-19 is in conformity the Regulation 17 of SEBI LODR.

To the best of our knowledge and information furnished to the Board, the total directorships held by the Directors are within the limits prescribed under Section 165 of the Companies Act, 2013. In compliance with Regulation 25 of SEBI LODR, none of the Independent Directors serves as an Independent Directors in more than seven (7) listed companies and where any Independent Director is serving as Whole-Time Director in listed Company, not more than three (3) listed companies is served by him / her as an Independent Director. Similarly, none of the Directors on the Board, is a member of more than 10 Committees or chairperson of more than 5 Committees across all listed and unlisted public companies in which he / she is a director in terms of Regulation 26 of SEBI LODR.

The Board met six (6) times during the FY 2018-19 on April 11, 2018; May 02, 2018, July 23, 2018, October 24, 2018, January 25, 2019 and March 22, 2019. The names and categories of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year, the number of Directorships and Committee memberships / chairperson position(s) held by them in other public companies as on March 31, 2019 are given below:

Name of the Director / (DIN)	Category	No. of Board meetings attended	Attendance at the last AGM (July 23, 2018)	Number of Directorship in other Public Companies #		Number of Committees Membership @	
				Chairperson	Member	Chairperson	Member
Mr. L Ganesh (00012583)	Chairman, Managing Director & Promoter	6	Yes	3	5	-	6
Mr. Harish Lakshman (00012602)	Vice Chairman, Non-Executive & Promoter	6	Yes	1*	5*	2	3
Mr. L Lakshman (00012554)	Non-Executive & Promoter	5	Yes	-	5	1	4
Ms. Ashok Malhotra (00029017)	Non-Executive & Independent	6	Yes	-	-	-	-
Mr. C N Srivatsan (00002194)	Non-Executive & Independent	6	Yes	-	1	1	1
Dr. (Ms.) Brinda Jagirdar (06979864)	Non-Executive & Independent	6	Yes	-	1	1	3
Mr. S Krishna Kumar (00062582)	Non-Executive & Independent	6	Yes	-	-	-	-

# excludes directorships held on the Boards of private companies, Section 8 companies and companies incorporated outside India.

\* includes Directorship / Chairpersonship held in a deemed public company

@ Membership in Audit Committee and Stakeholder Relationship Committee of other public companies are only considered as per Regulation 26 of SEBI LODR and membership includes the positions held as chairperson of the Committee.

The details of Directorships held by the Directors of this Company in other listed entities are as under:

Name of Director	Name of the listed entity	Category of Directorship
Mr. L Ganesh	Rane (Madras) Limited	Chairman, Non-Executive & Promoter
	Rane Brake Lining Limited	Chairman, Non-Executive & Promoter
	Rane Holdings Limited	Chairman & Managing Director and Promoter
	EIH Limited	Non-Executive & Independent
	EIH Associated Hotels Limited	Non-Executive & Independent
Mr. Harish Lakshman	Rane (Madras) Limited	Vice Chairman, Non-Executive & Promoter
	Rane Brake Lining Limited	Non-Executive & Promoter
	Rane Holdings Limited	Vice Chairman, Non-Executive & Promoter
	Oriental Hotels Limited	Non-Executive & Independent
Mr. L Lakshman	Rane (Madras) Limited	Non-Executive & Promoter
	Rane Brake Lining Limited	Non-Executive & Promoter
	Rane Holdings Limited	Chairman Emeritus, Non-Executive & Promoter
	SRF Limited	Non-Executive & Independent
Mr. Dr. (Ms.) Brinda Jagirdar	D C M Limited	Non-Executive & Independent
	IDFC First Bank Limited	Non-Executive & Independent
Mr. C N Srivatsan	Precot Meridian Limited	Non-Executive & Independent
Mr. S Krishna Kumar	-	-
Mr. Ashok Malhotra	-	-

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

The matters specified pursuant to Regulation 17(7) of SEBI LODR under PART A of Schedule II pursuant to Regulation 17(7) of SEBI LODR and in particular the annual operating plans and budgets, quarterly results for the Company, minutes of meetings of Audit Committee and other Committees of the Board, quarterly details of foreign exchange exposures, risk management and mitigation measures etc. were discussed by the Board.

Annual calendar for the Board and its committee meetings was circulated in advance to the Directors for and Directors were provided with detailed agenda for the meetings along with necessary annexures to effectively participate in discussions. Post Board meeting reviews were held by the Chairman to monitor and follow up the effective execution of the decisions, directions and 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. In the opinion of Board, the Independent Directors fulfil the conditions specified in SEBI LODR and the provisions

of Companies Act, 2013 and are independent of the management.

The details of familiarisation programme for the Independent Directors are disclosed in the website of the Company at the link: [http://ranegroup.com/revl\\_investors/revl-familiarisation-programme-for-independent-directors/](http://ranegroup.com/revl_investors/revl-familiarisation-programme-for-independent-directors/).

#### **Skills, expertise and competence of the Board**

The Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and Committees. The Board ensures and maintains highest standards of corporate governance.

The skills / expertise / competencies identified by the Board in the context of the automotive business in which the Company operates for it to function effectively are inter-alia as follows:

- **Industry and Technology:** Possessing industrial, technical and operational expertise and experience in automotive, ancillary and emerging technologies and associations with industrial bodies and professional network.

- **Business Development:** Experience in driving business success across various geographies, diverse business environment, economic conditions cultures and global market opportunities.
- **Allied Disciplines:** Expertise or leadership experience in allied disciplines like finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, human resource.
- **Governance:** Having insight into maintaining effective Board and management relationship, protecting stakeholders interest and observing appropriate governance practices.

Certificate from a Company Secretary in practice that none of the Director(s) on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director(s) of Companies by the Board / Ministry of Corporate Affairs or any such statutory authority is provided as annexure (i) to this report.

### 3. Audit Committee

#### Composition, Attendance and Meetings

The composition of the Audit Committee of the Board conforms to the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR. The Committee met four (4) times during the year May 02, 2018, July 23, 2018, October 24, 2018 and January 25, 2019. The details of members and their attendance are as below:

Name of the Director	Category	No. of meetings attended
Mr. C N Srivatsan	Chairman	4
	Non - Executive Independent	
Mr. Ashok Malhotra	Member	4
	Non - Executive Independent	
Mr. L Lakshman	Member, Non - Executive Promoter	3
	Member, Non - Executive Independent	

All the members of the Audit Committee are financially literate and possess accounting and related financial management expertise. The Company Secretary acts as the Secretary to the Committee.

The Statutory Auditors and the Internal Auditors were present as invitees in all the meetings. The President and Vice President (Finance) & CFO of the Company

attended the meetings 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.

The Chairman of the Audit Committee was present at the last AGM of the Company held on July 23, 2018.

#### 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 is disseminated 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 SEBI LODR read with Section 177 of the Companies Act, 2013 (Act) and other applicable provisions of SEBI LODR and Act, as amended from time to time. In line with these provisions, the Company framed an Audit Committee Charter, which is subject to review by the Audit Committee.

During the year, the Board of Directors amended the terms of reference of the Committee in line with the newly introduced provisions in SEBI LODR, effective April 1, 2019 and 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.
- Evaluation of internal financial controls and risk management systems
- 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 judgement 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
- Financial statements, in particular, the investments made by any unlisted subsidiary of the Company
- Utilization of loans and / or advances from/ investment by the Company to its subsidiary exceeding Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances / investments existing as on April 1, 2019

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.

The Audit Committee reviews the quarterly unaudited / audited annual financial results of the Company. The unaudited results are subjected to limited review by the Statutory Auditors of the Company. The Statutory Auditors are eligible to issue limited review report as the audit firm has been subjected to peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI. The Audit Committee approves payments to Statutory Auditors for audit and non-audit services.

In accordance with the provisions of Companies Act, 2013, rules made thereunder and provisions of listing agreement / SEBI LODR, the Audit Committee accords prior approval for all Related party transactions (RPTs), including any modifications thereto, as per the policy on Related Party Transactions. The Audit Committee annually grants omnibus approvals for transactions that are routine or repetitive in nature and which are proposed to be undertaken / entered in the ordinary course of business at arm's length basis. While according omnibus approvals, the Audit Committee

takes into consideration the following factors viz., maximum value of the transactions, including value per transaction, extent and manner of disclosures made to the Audit Committee. On a quarterly basis the Audit Committee reviews related party transactions entered into by the Company pursuant to each of the omnibus approval.

The Audit Committee reviews all mandatory information under Part C of Schedule II pursuant to Regulation 18 of SEBI LODR, including review of Internal Auditor observations, statutory compliance.

#### 4. Nomination and Remuneration Committee Composition, Attendance and Meetings

The Nomination and Remuneration Committee (NRC) of the Board in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR. The Committee met two (2) times during the year May 02, 2018 and July 23, 2018. The details of members and their attendance are as below:

Name of the Director	Category	No. of meetings attended
Mr. Ashok Malhotra	Chairman	2
	Non-Executive Independent	
Mr. C N Srivatsan	Member	2
	Non-Executive Independent	
Mr. L Lakshman	Member	2
	Non-Executive Promoter	

During the year, the Board of Directors aligned the terms of reference of the Committee with the newly introduced provisions in SEBI LODR, effective April 1, 2019.

#### Terms of Reference:

- To formulate criteria for determining qualifications, positive attributes and independence of director for evaluation of performance of Independent Directors and the Board.
- To approve the remuneration policy of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP).
- To devise policy on Board diversity.
- To provide guidance to the Board on matters relating to appointment of Directors, Independent Directors, KMP and SMP, i.e., the core management team one level below the Executive Directors.

- To evaluate performance, recommend and review remuneration of the Executive Director based on their performance.
- To recommend to the Board, the extension / continuation of term of appointment of Independent Directors based on report of performance evaluation.
- To consider and recommend professional indemnity and liability insurance for Directors, KMP and SMP.
- To recommend to the Board, all remuneration, in whatever form, payable to senior management

During the year, the NRC inter alia:

Reviewed the process for evaluation of the Board, its Committee & Directors and the compensation, benefits of senior management personnel (SMP) and key managerial personnel (KMP) of the Company.

Considered and recommended the re-appointment of Dr. (Mrs.) Brinda Jagirdar, as an Independent Director for a second term of five years and appointment of Mr. Murali K Rajagopalan as President of the Company.

#### Remuneration Policy

The policy on appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) is designed to attract, motivate, and retain talented employees who drive the Company's success and 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.

#### Sitting fees

The Company has paid sitting fees to all Directors, apart from reimbursement of their actual travel and out-of-pocket expenses for attending the meetings of the Board / Committee. The Company has not paid any other remuneration to Directors.

The sitting fees payable per meeting of Board and its Committees are as hereunder:

Type of Meeting	Sitting Fees Per meeting (₹)
Board	20,000
Audit committee	20,000
Stakeholders Relationship Committee	2,500
Finance Committee	2,500

#### Details of Sitting Fees paid to Directors

The details of remuneration paid to the Directors during the financial year and their shareholding in the Company as at the year ended March 31, 2019 are as follows:

Name of the Director	Sitting Fees (₹)	Shares held as on March 31, 2019 <sup>@</sup>
Mr. L Ganesh	-	135
Mr. Harish Lakshman	1,20,000	100
Mr. L Lakshman	1,60,000	100
Mr. Ashok Malhotra	2,10,000	-
Mr. C N Srivatsan	2,10,000	-
Mr. S Krishna Kumar	2,00,000	-
Dr. (Ms.) Brinda Jagirdar	1,20,000	-

@ includes joint holdings & HUF, if any

#### Note:

1. No other remuneration except sitting fees was paid to Non-Executive Directors.
2. Mr. L Ganesh, Chairman and Managing Director does not draw any remuneration as per his appointment approved by the shareholders at the 45<sup>th</sup> Annual General Meeting of the Company held on August 21, 2017. He is also the Chairman and Managing Director of Rane Holdings Limited (RHL) from where he draws remuneration as approved by the shareholders of RHL.
3. No shares of the Company were pledged by the Directors and there is no stock option scheme prevailing in the Company.

#### 5. Stakeholder's Relationship Committee Composition & Attendance of Meetings

The Stakeholder's Relationship Committee periodically looks into grievances of shareholders and redress them expeditiously in accordance with Section 178 of the Companies Act, 2013 and as per the requirements under Regulation 20 of SEBI LODR.

During the year under review, the Board of Directors have adopted a Stakeholder Relationship Committee charter in line with the newly introduced provisions of SEBI LODR effective April 1, 2019, in terms which the role of SRC inter-alia are as under:

- To resolve the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.



- To review measures taken for effective exercise of voting rights by shareholders.
- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- To review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

The Company Secretary is the compliance officer of the Company. During the year, the Committee met four (4) times on May 02, 2018, July 23, 2018, October 24, 2018 and January 25, 2019. and the details of members and their attendance at the meetings are stated below:

Name of the Director	Category	No. of meetings attended
Mr. Ashok Malhotra	Chairman Non - Executive & Independent	4
Mr. C N Srivatsan	Member Non- Executive & Independent	4
Mr. L Ganesh	Member Executive & Promoter	4

Details of investor complaints for the year reviewed by the SRC are as under:

Particulars	Nature of Complaint	Received during the year	Resolved during the year	Pending at the end of the year
Regulatory Authorities (MCA / SEBI / Stock Exchanges)	Regarding service of documents by speed post to the shareholder	1	1	-
Through Registrar & Transfer Agent	Non-receipt of AGM attendance slip & proxy form	2	2	-
	Non-receipt of original share certificate & dividend warrant	1	1	-

Particulars	Nature of Complaint	Received during the year	Resolved during the year	Pending at the end of the year
Directly to Company	Procedure on transfer of shares	1	1	-
	Non-receipt of share certificate & dividend warrant	3	2	1

The Chairman of the SRC was present at the last AGM of the Company held on July 23, 2018 to answer queries of the security holders.

During the year, the Company had received eight complaints from shareholders and one pending for redressal as at the close of FY, was resolved subsequently in April 2019. No complaints were received under the SEBI Complaints Redress System (SCORES), during the year.

## 6. Corporate Social Responsibility (CSR) Committee

Education, Healthcare, Community Development and Environment are the four focus areas under Corporate Social Responsibility (CSR) as per the CSR vision of the Company

The CSR projects and activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee which are in accordance with the areas or subjects specified under the Companies Act, 2013, as amended from time to time..

The composition of committee is as follows:

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 terms of reference of the Committee are as follows

- Formulate and recommend CSR Policy, for approval of the Board
- Approve projects that are in line with the CSR policy
- Have monitoring mechanisms in place to track the progress of each project
- Recommend the CSR expenditure to the Board of the Company for approval

5. Review new proposals and existing projects' status

The Company Secretary acts as the Secretary to the Committee. In view of the losses made during the previous years, the Company was not required to spend on CSR activities in terms of Section 135 of the Act and rules thereunder during FY 2018-19. During the year the Committee met once on May 02, 2018 to review and report few activities undertaken by the Company in FY 2017-18 as a measure of goodwill and all CSR Committee members attending this meeting.

The Committee did not recommend any amount towards CSR activities for the financial year 2018-19.

## 7. Other Committees

### Share Transfer Committee

To expedite the process of share transfers, the Board has delegated the power of share transfer, transmission, dematerialization / rematerialization, split / consolidation, issue of duplicate share certificates etc. to a committee comprising of such senior officials designated from time to time. The Committee meets on a case to case basis to approve share transfers and transmissions and the details of such transfer / transmissions of securities are placed to the Board. No sitting fees payable to the Committee members.

SEBI vide its notification dated November 30, 2018, amended the provisions of regulation 40 of SEBI LODR, to prohibit transfer of shares in physical form effective April 1, 2019.

The Company has taken initiatives to reach out to investors holding shares in physical form and in terms of this circular effective April 1, 2019, the Company has not been processing transfer of securities in physical form except in cases of transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders).

### Finance Committee

In order to exercise the borrowing powers delegated by the Board, a Finance Committee comprising of two Non-Executive Directors and one Executive Director who are also part of the Promoters viz., Mr. Harish Lakshman, Mr. L Lakshman and Mr. L Ganesh, has been constituted.

The Finance Committee is empowered to approve the financial facilities in connection with the capital expenditures and working capital expenditures of the Company, as per the Annual Operating Plans approved by the Board. as its members. During the year, no meeting was held.

### Executive Committee

In order to carry out activities in connection with change in operation of bank accounts and authorization of officials under various legislations and other administrative matters between two consecutive meetings of the Board, an Executive Committee comprising of two Non-Executive Directors and one Executive Director who are also part of the Promoters viz., Mr. Harish Lakshman, Mr. L Lakshman and Mr. L Ganesh, has been constituted

During the year one meeting was held on January 04, 2019 to approve matters relating authorisations in connection with lease arrangements and all members of the Committee attended the meeting.

## 8. 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 viz., [http://ranegroup.com/revl\\_investors/code-of-conduct/](http://ranegroup.com/revl_investors/code-of-conduct/). The Board members and Senior Management Personnel have affirmed their compliance with the code of conduct. Declaration from the Managing Director of the Company to this effect forms part of this report as annexure (ii).

### Prevention of Insider Trading

The Board of Directors have formulated "Rane Code to regulate, monitor and report trading by insiders" and "Rane Code of practices and procedures for fair disclosure of unpublished price sensitive information" in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, 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://ranegroup.com/revl\\_investors/revl-code-of-fair-disclosure/](http://ranegroup.com/revl_investors/revl-code-of-fair-disclosure/).



## 9. General Body Meetings

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

Date of AGM	Special resolutions passed	Time	Venue
July 23, 2018 (46 <sup>th</sup> AGM)	Re-appointment of Dr. (Mrs.) Brinda Jagirdar as an Independent Director for a second term	10:15 hrs	
	1. Re-appointment of Mr. C N Srivatsan as an Independent Director for a second term		
August 21, 2017 (45 <sup>th</sup> AGM)	2. Re-appointment of Mr. Ashok Malhotra as an Independent Director for a second term	15.00 hrs	The Music Academy (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai - 600 014
	3. Re-appointment of Mr. Krishna Kumar Seshadri as an Independent Director for a second term.		
July 25, 2016 (44 <sup>th</sup> AGM)	No Special resolution was passed	10.15 hrs	

## 10. 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. The transactions entered with related parties during the year were in the ordinary course at arms' length and not in conflict with the interests of the Company. All routine and periodic transactions with related parties were covered in the omnibus approval of the Audit Committee. The details of the related party transactions as per Ind AS as stated in note no. 28 of the financial statements. The policy on related party transaction is available on the website of the Company at [http://ranegroup.com/revl\\_investors/revl-policy-on-related-party-transaction/](http://ranegroup.com/revl_investors/revl-policy-on-related-party-transaction/)
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 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 Chapter IV of the SEBI LODR. The Company has complied with the following non-mandatory requirements:
  - i. Maintaining an office for the Chairman and Managing Director at the registered office of the Company and allows re-imbusement of expenses incurred in performance of his duties:
  - ii. Disseminates to the stakeholder's financial performance and summary of significant events through earnings' / conference calls with investors on quarterly basis:
  - iii. Adopts best practices to ensure a regime of financial results / statement of unmodified audit opinion and
  - iv. Internal Auditor directly reports to the Audit Committee
6. In order 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. The STACK is electronically integrated 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 Regulation 24 of the SEBI LODR.

8. The Independent Directors have confirmed and declared that they meet the criteria of 'Independence' as stipulated under Section 149 of the Companies Act, 2013 and Regulation 16 read with Regulation 25 and other provisions of the Act and SEBI LODR, as amended from time to time and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge duties with an objective independent judgment and without any external influence.
9. In terms of regulation 25 of SEBI LODR the Company has in place policy for Directors and Officers insurance ('D & O insurance') covering all the Independent Directors, of such quantum and for such risks which commensurate to the operations of the Company and in line with the industry standards.
10. The Managing Director 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 Regulation 17(8) of the SEBI LODR and Companies Act, 2013.
11. The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of SEBI LODR.
12. The Board has accepted / considered all the recommendation(s) made by Committee(s) of the Board which are mandatorily required to accept / consider, in the relevant financial year.
13. The total fees for all services paid by the listed entity, to the Statutory Auditor (including all entities in the network firm / network entity) is given as under:

Particulars	(₹ in crores)	
	FY 18-19	FY 17-18
Varma & Varma, Chartered Accountants	0.18	0.19
Brahmayya & Co, Chartered Accountants *	Not Applicable	0.01
Net Work entities and firms	Nil	Nil
<b>Total</b>	<b>0.18</b>	<b>0.20</b>

\* Retired as auditors on August 21, 2017

#### 11. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any exposure hedged through Commodity derivatives. The Company has well defined forex exposure guidelines approved by the Board of Directors and forex exposures are suitably hedged through plain vanilla forward covers.

#### 12. 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. During the year under review, the working of the policy was reviewed and approval of the Board was secured to amend certain provisions to strengthen and align the internal mechanism for dealing with any reliable information under this policy. It also addresses the protection to 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 [http://ranegroup.com/revl\\_investors/whistle-blower-policy/](http://ranegroup.com/revl_investors/whistle-blower-policy/).

No person has been denied access to the ombudsperson / Audit Committee.

#### 13. Means of Communication

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

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.

#### 14. General Shareholder Information

- i. Information about director(s) seeking re-appointment in this ensuing 47<sup>th</sup> Annual General Meeting in compliance with Regulation 26(4) & 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2)

<b>Name of the Director</b>	<b>Mr. Harish Lakshman</b>
<b>Father's Name</b>	Mr. L Lakshman
<b>Director Identification Number (DIN)</b>	00012602
<b>Age (in years)</b>	45
<b>Date of Birth</b>	12 February, 1974
<b>Educational Qualifications</b>	B.E. – BITS Pilani, MSM - Purdue University, USA
<b>Experience</b>	Mr. Harish Lakshman has over 24 years of industrial experience and has held various positions in the areas of Marketing, Operations and Business Development Overseas. He currently spearheads the future growth plan for Rane Group. In addition to serving as Vice-Chairman of the Company, he also serves as a Vice Chairman of Rane (Madras) Limited and Rane Holdings Limited.
<b>Date of first appointment on the Board</b>	July 23, 2008
<b>Terms and Conditions of appointment</b>	Re-appointment as a Non-Executive Director, liable to retire by rotation
<b>Last drawn remuneration</b>	Sitting fee for FY 2018-19 - ₹ 1,20,000/-
<b>Remuneration sought to be paid</b>	No approval is being sought for payment of remuneration. Eligible for sitting fee for attending meetings of the Board and Committees of which he is a member.
<b>Relationship with other Directors/Manager/ KMP</b>	Son of Mr. L Lakshman
<b>Other Directorships</b>	<p><b>Chairman</b></p> <p>1. Rane t4u Private Limited</p> <p><b>Vice Chairman</b></p> <p>1. Rane (Madras) Limited</p> <p>2. Rane Holdings Limited</p> <p><b>Managing Director</b></p> <p>Rane TRW Steering Systems Private Limited</p> <p><b>Director</b></p> <p>1. Oriental Hotels Limited</p> <p>2. Rane Brake Lining Limited</p> <p>3. Rane NSK Steering Systems Private Limited</p> <p>4. Young Presidents Organisation (Chennai Chapter)</p> <p>5. Savithur Enterprises Private Limited</p> <p>6. HL Hill Station Properties Private Limited</p> <p>7. Rane Holdings America Inc.USA</p> <p>8. Rane Precision Die Casting Inc.USA</p>
<b>Committee Memberships in other Boards</b>	<p><b>Chairman – Stakeholders' Relationship</b></p> <p>1. Rane Holdings Limited</p> <p>2. Rane Brake Lining Limited</p> <p><b>Member – Stakeholders' Relationship</b></p> <p>Rane (Madras) Limited</p> <p><b>Member – Nomination and Remuneration</b></p> <p>Rane Holdings Limited</p>
<b>Number of meetings of the Board attended during the year</b>	Six (6)
<b>Number of equity shares held (including joint holding, if any)</b>	Hundred (100)

**ii. Annual General Meeting****July 29, 2019 (Monday) at 10:15 hrs**

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

**iii. Financial Year: April 01 - March 31****Financial Calendar:**

Board meeting for approval of	Tentative Date
Audited Annual financial results and financial statements for the year ended March 31, 2019	May 21, 2019
Un-audited financial results for the 1 <sup>st</sup> quarter ending June 30, 2019	By fourth week of July 2019
Un-audited financial results for the 2 <sup>nd</sup> quarter ending September 30, 2019	By fourth week of October 2019
Un-audited financial results for the 3 <sup>rd</sup> quarter ending December 31, 2019	By fourth week of January 2020

**iv. Listing on Stock Exchanges**

Stock Exchanges	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	RANEENGINE
BSE Limited (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. The Company has paid the Annual Listing fee for the financial year 2019 - 20 to NSE on April 25, 2019 & BSE on April 06, 2019 where the shares of the Company continue to be listed.

**v. Unpaid / Unclaimed Dividends**

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended March 31, 2012 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile 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 unclaimed final dividend of ₹1,29,722/- for the financial year ended March 31, 2011 and interim dividend amount of ₹6,10,073/- for the financial year ended March 31, 2012. 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 dividends when due for transfer to the said fund is given below: -

Year	Date of declaration	Dividend per share# (₹)	Amount outstanding in Unclaimed Dividend Account (as on March 31, 2019) ^ (₹)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2012	23.07.2012	3.00	2,24,304.50	28.08.2019	25.09.2019
31.03.2012	24.07.2012 <sup>§</sup>	3.50	98,175.00	29.08.2019	28.09.2019
31.03.2013*	21.01.2013 <sup>§</sup>	2.00	1,50,876.00	26.02.2020	27.03.2020
31.03.2013	23.07.2013 <sup>§</sup>	2.50	1,77,632.50	28.08.2020	27.09.2020
31.03.2014	25.07.2014 <sup>§</sup>	2.50	1,80,700.00	30.08.2021	29.09.2021
31.03.2015	21.07.2015	2.50	2,22,430.00	27.08.2022	26.09.2022
31.03.2017	21.08.2017	2.50	2,57,715.00	27.09.2024	27.10.2024

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

\* Interim dividend

§ Pertains to Kar Mobiles Limited prior to amalgamation with the Company

\*\* No dividend (interim &amp; final) was declared for the FY 2015-16, FY 2017-18 &amp; FY 2018-19

^ Amounts reflect the confirmation of balance issued by bank(s)

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on July 23, 2018 in accordance with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The above details were also uploaded on the website of the Company viz. <http://ranegroup.com>.

**vi. Transfer of shares to IEPF Authority**

Pursuant to provisions of Section 124 and Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refunds) Rules, 2016, as amended from time to time, ("the Rules" / "IEPF Rules") the Company is required to transfer the equity shares in respect of which dividends are not claimed for the last 7 years by any shareholder to the IEPF Authority.

In accordance with the said IEPF rules and its amendments, the Company sent reminder letters to the shareholders whose shares were due to be transferred to IEPF Authority and simultaneously published notices in newspapers. During the year under review the Company had transferred such unclaimed shares to IEPF Authority as detailed hereunder:

Year from which dividend has remained unclaimed / unpaid for seven consecutive years	No. of shares transferred
2010-11 (Final)	3,632
2010-11 (Final) <sup>§</sup>	384
2011-12 (Interim)	511
2011-12 (Interim) <sup>§</sup>	498

§ pertains to Kar Mobiles Limited since amalgamated with the Company

The shareholders, however, may claim the said shares along with corporate actions accrued by following the procedure available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed, to the nodal officer along with the documents enumerated in the Form No.IEPF-5. No claim shall lie against the Company in respect of any dividend or shares transferred to the IEPF Authority.

The shares relating to unclaimed dividend for financial year 2011-12 (Final) and financial year 2012-13 (Interim) (including those relating to Kar Mobiles Limited since amalgamated by the Company) are liable to be transferred to IEPF Authority during the FY 2019-20. An intimation in this regard shall be sent to all concerned shareholders, whose shares are liable to be transferred to IEPF Authority, at their latest known addresses. In accordance with the said rules, the Company shall also publish notices in newspapers and requisite details would be made available on the Investor section of the Company's website: <http://ranegroup.com/>. The concerned shareholders are requested to claim their shares before the due dates of transfer of shares to the IEPF, specified therein newspapers and Company website.

**vii. Unclaimed share suspense**

In accordance with Regulation 39 of SEBI LODR, the Company has previously sent three reminders to the shareholders for getting their confirmation on unclaimed shares.

Details of Unclaimed Suspense account	Number of share holders	Outstanding shares
Aggregate at the beginning of the year	42	3,517
Requests for transfer during the year	14	509
Transfers during the year	14	509
Balance at the end of the year	28	3,008

**viii. Share Price Data**

The equity shares of the Company are listed and admitted to dealings on two nation wide stock exchanges viz. National Stock Exchange of India Ltd. and BSE Ltd., The share price data as quoted on the NSE and BSE along with the movement in the respective stock index during the last financial year viz., April 1, 2018 – March 31, 2019 is given below:

Month	BSE		BSE Sensex		NSE		NSE Nifty	
	Share Prices (₹)		High	Low	Share Prices (₹)		High	Low
	High	Low			High	Low		
April 2018	559.95	480.20	35,213.30	32,972.56	564.95	471.25	10,759.00	10,111.30
May 2018	542.00	447.00	35,993.53	34,302.89	547.00	449.00	10,929.20	10,417.80
June 2018	490.00	450.00	35,877.41	34,784.68	515.50	450.00	10,893.25	10,550.90
July 2018	540.00	450.00	37,644.59	35,106.57	510.00	448.00	11,366.00	10,604.65
August 2018	545.00	454.00	38,989.65	37,128.99	549.50	465.50	11,760.20	11,234.95
September 2018	489.00	450.00	38,934.35	35,985.63	489.75	449.75	11,751.80	10,850.30
October 2018	530.00	448.10	36,616.64	33,291.58	518.00	442.05	11,035.65	10,004.55
November 2018	498.00	450.00	36,389.22	34,303.38	475.00	450.00	10,922.45	10,341.90
December 2018	474.00	449.00	36,554.99	34,426.29	480.00	449.75	10,985.15	10,333.85
January 2019	475.00	450.00	36,701.03	35,375.51	473.25	449.00	10,987.45	10,583.65
February 2019	470.00	450.00	37,172.18	35,287.16	480.00	445.00	11,118.10	10,585.65
March 2019	535.00	450.00	38,748.54	35,926.94	538.00	450.00	11,630.35	10,817.00

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

#### ix. Registrar and Transfer Agent

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

##### Integrated Registry Management Services Private Limited

SEBI Registration No. INR000000544  
 II Floor, 'Kences Towers', No.1, Ramakrishna Street,  
 North Usman Road, T. Nagar, Chennai – 600 017  
 Phone: 28140801 – 03, Fax: 28142479, 28143378  
 e-mail ID: corperserv@integratedindia.in  
 Website: www.integratedindia.in

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

#### x. Share Transfer System & Share Capital Audit

The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee which approves the share transfers and de-mat / re-mat requests in coordination with the RTA. Share transfers and transmissions are approved and registered within fifteen days from date of receipt of valid request. On a half-yearly basis, the compliance with the share transfer / transmission formalities is audited by a Practising Company Secretary (PCS) in terms of Regulation 40(10) of SEBI (LODR) with the stock exchanges and a certificate to this effect is filed with the stock exchanges.

A reconciliation of share capital audit in terms of regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 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.

#### xi. Distribution of shareholding as on March 31, 2019

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	6,090	92.81	4,84,286	7.21
501 – 1000	220	3.35	1,56,923	2.34
1001 – 2000	117	1.78	1,68,663	2.51
2001 – 3000	34	0.52	84,345	1.26
3001 – 4000	20	0.3	68,230	1.02
4001 – 5000	19	0.29	84,854	1.26
5001 – 10000	27	0.41	1,89,126	2.81
10001 & above	35	0.53	54,82,565	81.60
<b>Total</b>	<b>6,562</b>	<b>100.00</b>	<b>67,18,992</b>	<b>100.00</b>



**xii. Shares****Dematerialization**

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialization of the shares held by investors. As of March 31, 2019, about 97.36 % of the shareholdings have been dematerialized.

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

Particulars	Number of shares		% to total capital	
	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
Physical	1,77,173	2,04,566	2.64	3.04
Demat	65,41,819	65,14,426	97.36	96.96
<b>Total</b>	<b>67,18,992</b>	<b>67,18,992</b>	<b>100.00</b>	<b>100.00</b>

The promoter and promoter group hold their entire shareholding only in dematerialized form.

The Company is taking initiatives to reach out to investors holding shares in physical form, to dematerialize their shareholding immediately to avoid any inconvenience and avail numerous benefits of dematerialization, which include easy liquidity / trading.

**xv. Address for communication**

The Compliance officer  
**Rane Engine Valve Limited**  
 Rane Corporate Centre,  
 "Maithri", No. 132, Cathedral Road,  
 Chennai - 600 086  
 Phone: 28112472/73, Fax: 28112449  
 e-mail ID: investorservices@ranegroup.com

**OR**

Mr. K Suresh Babu, Director  
**Integrated Registry Management Services Private Limited**  
 II Floor, 'Kences Towers'  
 No.1, Ramakrishna Street, North Usman Road,  
 T. Nagar, Chennai - 600 017  
 Phone: 28140801-03, Fax: 28142479  
 e-mail ID: corpserv@integratedindia.in

Reconciliation of share capital audited by practicing company secretary is furnished every quarter to the stock exchanges, where the shares of the Company are listed.

Demat ISIN: **INE222J01013**

The Company has not issued any equity share with differential voting rights nor granted stock options nor sweat equity.

**xiii. Plant locations** - Refer corporate overview section of the annual report

**xiv. Credit Rating**

The details of credit ratings assigned to the debt instruments and total bank loan facilities of the Company during the year ended March 31, 2019 are as follows:

Rating Agency	Amount (Rs. In Crores)	Security - Type	Rating assigned
CRISIL Limited	195.00	Long term	BBB+
	5.00	Short term	A2
ICRA Limited	150.23	Long term	BBB
*	4.00	Short term	A2

\* Re-affirmed

**Annexure (i)****Certificate From Company Secretary In Practice****(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

We hereby certify that none of the Directors on the Board of Rane Engine Valve Limited (“the Company”) as on March 31, 2019, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA).

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the Directors available in the official web site of MCA;
2. Our verification of the disclosures / declarations / confirmations provided by the Directors to the Company; and
3. Information, explanation and representations provided by the Company, its Directors / officers / agents.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the corporate governance processes followed by the Company.

For **S Krishnamurthy & Co**

Company Secretaries,

**K Sriram**

Partner

Membership No. F 6312

Certificate of Practice No. 2215

Chennai

May 21, 2019

**Annexure (ii)**

To

**The Members**

**Rane Engine Valve Limited**

**Declaration by Chief Executive Officer on Code of Conduct pursuant to Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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, 2019.

**L Ganesh**

Chairman & Managing Director

DIN: 00012583

Chennai

May 21, 2019

## Independent Auditor's Certificate

To

The Members

Rane Engine Valve Limited

1. We have examined the compliance of conditions of Corporate Governance by Rane Engine Valve Limited ("the Company") for the year ended on March 31, 2019, as stipulated in the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. 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 / Listing Regulations, as applicable.
4. 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 **Varma & Varma**  
Chartered Accountants  
FRN. 004532S

Chennai  
May 21, 2019

**P R Prasanna Varma**  
Partner  
M.No. 25854

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

**Extract of Annual Return**

as on the Financial Year ended on March 31, 2019

Form No. MGT - 9

[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	:	March 9, 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 Website: www.ranegroup.com E-mail ID: investorservices@ranegroup.com
(vi)	Whether listed company	:	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Integrated Registry Management Services Private Limited II Floor, ‘Kences Towers’, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017 e-mail ID: corpserv@integratedindia.in Phone: 044 2814 0801; Fax: 044 2814 2479 Contact person: Mr. K Suresh Babu, Director

**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	% to total turnover of the Company
1	Engine Valves - Small , Medium and large engine valves for applications in internal combustion engines	28110	94%

**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 – 6000086, India	L35999TN1936PLC002202	Holding Company	54.82	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				No. of Shares held at the end of the year				% 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	1,874	-	1,874	0.02	1,874	-	1,874	0.02	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	34,31,054	-	34,31,054	51.07	36,83,054	-	36,83,054	54.82	3.75
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>34,32,928</b>	<b>-</b>	<b>34,32,928</b>	<b>51.09</b>	<b>36,84,928</b>	<b>-</b>	<b>36,84,928</b>	<b>54.84</b>	<b>3.75</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Promoter Shareholding (A) = (A)(1)+ (A)(2)</b>	<b>34,32,928</b>	<b>-</b>	<b>34,32,928</b>	<b>51.09</b>	<b>36,84,928</b>	<b>-</b>	<b>36,84,928</b>	<b>54.84</b>	<b>3.75</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	2,963	2,482	5,445	0.08	2,219	2,482	4,701	0.07	(0.01)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	26,250	26,250	0.39	-	26,250	26,250	0.39	0.00
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	83,226	-	83,226	1.24	83,226	-	83,226	1.24	0.00
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>86,189</b>	<b>28,732</b>	<b>1,14,921</b>	<b>1.71</b>	<b>85,445</b>	<b>28,732</b>	<b>1,14,177</b>	<b>1.70</b>	<b>(0.01)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	7,12,574	195	7,12,769	10.61	6,93,139	194	6,93,333	10.32	(0.29)
ii) Overseas	2,52,000	-	2,52,000	3.75	-	-	-	-	(3.75)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	10,56,395	1,51,823	12,08,218	17.98	10,13,964	1,29,377	11,43,341	17.02	(0.96)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	8,83,339	16,158	8,99,497	13.40	9,71,741	16,158	9,87,899	14.71	1.31
c) Others (specify)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indians	18,640	977	19,617	0.29	20,908	810	21,718	0.32	0.03
Overseas Corporate Bodies	-	200	200	0.00	-	200	200	0.00	0.00
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	19,215	-	19,215	0.29	8,891	-	8,891	0.13	(0.16)
Trusts	-	810	810	0.01	-	810	810	0.01	0.00
Foreign Bodies - DR	-	-	-	-	-	-	-	-	-
Rane Engine Valve Limited - Unclaimed Shares Suspense Account	3,517	-	3,517	0.05	3,008	-	3,008	0.04	(0.01)
Investor Education and Protection Fund Authority Ministry of Corporate Affairs	49,629	5,671	55,300	0.82	59,795	892	60,687	0.91	0.09
<b>Sub-total (B)(2):-</b>	<b>29,95,309</b>	<b>1,75,834</b>	<b>31,71,143</b>	<b>47.20</b>	<b>27,71,446</b>	<b>1,48,441</b>	<b>29,19,887</b>	<b>43.46</b>	<b>(3.75)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>30,81,498</b>	<b>2,04,566</b>	<b>32,86,064</b>	<b>48.91</b>	<b>28,56,891</b>	<b>1,77,173</b>	<b>30,34,064</b>	<b>45.16</b>	<b>(3.75)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>65,14,426</b>	<b>2,04,566</b>	<b>67,18,992</b>	<b>100.00</b>	<b>65,41,819</b>	<b>1,77,173</b>	<b>67,18,992</b>	<b>100.00</b>	<b>0.00</b>

% rounded-off to the nearest decimal

## ii. Shareholding of Promoters:

Sl. No.	Shareholder's Name	At the beginning of the year			At the end of the year			% of change in shareholding 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	34,31,054	51.07	-	36,83,054	54.82	-	3.75
2	Sumant Narayan	-	-	-	-	-	-	-
3	Suchitra Narayan	-	-	-	-	-	-	-
4	Malavika Lakshman	1,200	0.02	-	1,200	0.02	-	-
5	Chitra Sundaresan	189	0.00	-	189	0.00	-	-
6	Malavika Lakshman & Harish Lakshman	50	0.00	-	50	0.00	-	-
7	Pushpa Lakshman & L Lakshman	50	0.00	-	50	0.00	-	-
8	Vinay Lakshman	50	0.00	-	50	0.00	-	-
9	Lakshman Harish	50	0.00	-	50	0.00	-	-
10	Ganesh L & Meenakshi Ganesh	85	0.00	-	85	0.00	-	-
11	Meenakshi Ganesh & Ganesh L	50	0.00	-	50	0.00	-	-
12	Lakshman L & Pushpa Lakshman	50	0.00	-	50	0.00	-	-
13	Aparna Ganesh	50	0.00	-	50	0.00	-	-
14	Aditya Ganesh	50	0.00	-	50	0.00	-	-
	<b>TOTAL</b>	<b>34,35,576</b>	<b>51.09</b>	<b>-</b>	<b>36,84,928</b>	<b>54.84</b>	<b>-</b>	<b>3.75</b>

% rounded-off to the nearest decimal



## 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
<b>At the beginning of the year</b>	<b>34,32,928</b>	<b>51.09</b>	<b>34,32,928</b>	<b>51.09</b>
Rane Holdings Limited	34,31,054	51.07	34,31,054	51.07
Other Promoters	1,874	0.02	1,874	0.02
Date wise Increase in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): <b>Rane Holdings Limited - Market acquisition</b>				
03-10-2018	2,52,000	3.75	36,83,054	54.82
<b>At the end of the year</b>	<b>36,84,928</b>	<b>54.84</b>	<b>36,84,928</b>	<b>54.84</b>
Rane Holdings Limited	36,83,054	54.82	36,83,054	54.82
Other Promoters	1,874	0.02	1,874	0.02

% rounded-off to the nearest decimal

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD/MM/YYYY)	Increase/ Decrease in shareholding	% of total shares of the Company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company					No. of shares	% of total shares of the Company
1	Enam Securities Private Limited	4,78,890	7.13	-	-	-	-	4,78,890	7.13
2	TRW Automotive J V LLC	2,52,000	3.75	03-10-2018	(2,52,000)	(3.75)	Transfer	-	-
3	Hiten Anantrai Sheth	1,35,778	2.02	-	-	-	-	1,35,778	2.02
4	Gagandeep Credit Capital Private Limited	81,970	1.22	-	-	-	-	81,970	1.22
5	Nemish S Shah	67,900	1.01	-	-	-	-	67,900	1.01
6	Dixit Gunvantrai Shah	65,000	0.97	-	-	-	-	65,000	0.97
7	Gunvantrai Maganlal Shah	64,998	0.97	-	-	-	-	64,998	0.97
8	Purvaj Advisors Private Limited	61,825	0.92	-	-	-	-	61,825	0.92
9	Bhavna Govindbhai Desai	53,264	0.79	-	-	-	-	53,264	0.79
10	Investor Education and Protection Fund Authority	49,629	0.74	06-04-2018	6,150	0.09	Transfer to IEPF Authority	55,779	0.83
				05-10-2018	4,016	0.06		59,795	0.89
11	Dharani B	47,041	0.70	-	-	-	-	47,041	0.70
12	United India Insurance Company Limited	45,451	0.68	-	-	-	-	45,451	0.68
13	Srikanth V	39,700	0.59	04-05-2018	(39,700)	(0.59)	Transfer	-	-
14	Mukesh Chimanlal Patani	39,060	0.58	-	-	-	-	39,060	0.58
15	M.M. Narayanamma	38,228	0.57	-	-	-	-	38,228	0.57

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD/MM/YYYY)	Increase/Decrease in shareholding	% of total shares of the Company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company					No. of shares	% of total shares of the Company
16	Manoj Gunvantrai Shah	20,900	0.31	25-05-2018	10,427	0.16	Purchase	31,327	0.47
				01-06-2018	895	0.01	Purchase	32,222	0.48
				08-06-2018	1,347	0.02	Purchase	33,569	0.50
				15-06-2018	194	0.00	Purchase	33,763	0.50
				29-06-2018	1,087	0.02	Purchase	34,850	0.52
				06-07-2018	556	0.01	Purchase	35,406	0.53
				13-07-2018	3	0.00	Purchase	35,409	0.53
				21-09-2018	232	0.00	Purchase	35,641	0.53
				28-09-2018	8,089	0.12	Purchase	43,730	0.65
				05-10-2018	2,707	0.04	Purchase	46,437	0.69
				12-10-2018	7,071	0.11	Purchase	53,508	0.80
				19-10-2018	1,002	0.02	Purchase	54,510	0.81
				26-10-2018	640	0.01	Purchase	55,150	0.82
				02-11-2018	1,115	0.02	Purchase	56,265	0.84
				23-11-2018	372	0.01	Purchase	56,637	0.84
				30-11-2018	2,076	0.03	Purchase	58,713	0.87
				17	V Subha	19,718	0.29	07-12-2018	1,120
14-12-2018	5,167	0.08	Purchase					65,000	0.97
18	Ushaben Gunvantrai Shah	6,500	0.10	04-05-2018	39,700	0.59	Purchase	59,418	0.88
				14-12-2018	(65)	(0.00)	Transfer	59,353	0.88
				21-12-2018	2,213	0.03	Purchase	10,307	0.15
				28-12-2018	1,378	0.02	Purchase	11,685	0.17
				04-01-2019	1	0.00	Purchase	11,686	0.17
				11-01-2019	789	0.01	Purchase	12,475	0.18
				18-01-2019	328	0.01	Purchase	12,803	0.19
				25-01-2019	11,151	0.17	Purchase	23,954	0.36
				01-02-2019	2,755	0.04	Purchase	26,709	0.40
				08-02-2019	3,242	0.05	Purchase	29,951	0.45
				15-02-2019	3,603	0.05	Purchase	33,554	0.50
				22-02-2019	8,178	0.12	Purchase	41,732	0.62
				01-03-2019	2,021	0.03	Purchase	43,753	0.65
				08-03-2019	8,964	0.13	Purchase	52,717	0.78
				29-03-2019	309	0.01	Purchase	53,026	0.79

% rounded-off to the nearest decimal

#### 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>	<b>335</b>	<b>0.00</b>	<b>335</b>	<b>0.00</b>
Ganesh L & Meenakshi Ganesh	85	0.00	85	0.00
Meenakshi Ganesh & Ganesh L	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Lakshman Harish	50	0.00	50	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00
Date wise Increase in Promoters shareholding during the year specifying the reasons for increase /decrease: <b>No Change</b> (e.g. allotment / transfer / bonus / sweat equity etc.)				
<b>At the end of the year</b>	<b>335</b>	<b>0.00</b>	<b>335</b>	<b>0.00</b>
Ganesh L & Meenakshi Ganesh	85	0.00	85	0.00
Meenakshi Ganesh & Ganesh L	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Lakshman Harish	50	0.00	50	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00

Note: None of the other Directors and Key Managerial Personnel holds any shares in the Company

**V. Indebtedness:**

Indebtedness of the Company including interest outstanding / accrued but not due for payment (Amount in ₹)

Particulars	Secured Loans excluding deposits		Unsecured Loans	Deposits	Total Indebtedness
	Term Loan	Working Capital			
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	46,33,24,567	61,45,17,570	51,74,131	-	1,08,30,16,268
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	36,71,513	-	-	-	36,71,513
<b>Total (i+ii+iii)</b>	<b>46,69,96,080</b>	<b>61,45,17,570</b>	<b>51,74,131</b>	<b>-</b>	<b>1,08,66,87,781</b>
<b>Change in Indebtedness during the financial year</b>					
Addition	18,00,00,000	20,06,42,370	-	-	38,06,42,370
Reduction	13,19,64,908	-	34,90,261	-	13,54,55,169
<b>Net Change</b>	<b>4,80,35,092</b>	<b>20,06,42,370</b>	<b>34,90,261</b>	<b>-</b>	<b>24,51,87,201</b>
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	51,07,22,090	81,51,59,940	16,83,870	-	1,32,75,65,900
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	43,09,082	-	-	-	43,09,082
<b>Total (i+ii+iii)</b>	<b>51,50,31,172</b>	<b>81,51,59,940</b>	<b>16,83,870</b>	<b>-</b>	<b>1,33,18,74,982</b>

**VI. Remuneration of Directors And Key Managerial Personnel:****A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

Mr. L Ganesh, Managing Director does not draw any remuneration from the Company.

**B. Remuneration to other Directors:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		L Lakshman	Harish Lakshman	C N Srivatsan	Ashok Malhotra	S Krishna Kumar	Brinda Jagirdar	
<b>1</b>	<b>Independent Directors</b>							
a	Fee for attending Board / committee meetings	-	-	2,10,000	2,10,000	2,00,000	1,20,000	<b>7,40,000</b>
b	Commission	-	-	-	-	-	-	-
c	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>-</b>	<b>2,10,000</b>	<b>2,10,000</b>	<b>2,00,000</b>	<b>1,20,000</b>	<b>7,40,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>							
a	Fee for attending Board / committee meetings	1,60,000	1,20,000	-	-	-	-	<b>2,80,000</b>
b	Commission	-	-	-	-	-	-	-
c	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>1,60,000</b>	<b>1,20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,80,000</b>
	<b>Grand Total (1+2)</b>	<b>1,60,000</b>	<b>1,20,000</b>	<b>2,10,000</b>	<b>2,10,000</b>	<b>2,00,000</b>	<b>1,20,000</b>	<b>10,20,000</b>

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary *	
		V K Vijayaraghavan	Kalidoss S	
1	Gross Salary	35,11,296	20,00,608	55,11,904
(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	-	-	-
5	Others, please specify	-	-	-
<b>Total (C)</b>		<b>35,11,296</b>	<b>20,00,608</b>	<b>55,11,904</b>

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

**VII. Penalties / Punishment/ Compounding Of Offences:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019

**For and on behalf of the Board**

Chennai  
May 21, 2019

**Harish Lakshman**  
Vice-Chairman  
DIN: 00012602

**L Ganesh**  
Chairman & Managing Director  
DIN: 00012583

# Independent Auditors' Report

To,  
**The Members,**  
**Rane Engine Valve Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Rane Engine Valve Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its losses and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

SI No.	Key Audit Matter	Auditors Response
1	<p><b>Deferred Tax Assets</b></p> <p>The Company has recognised deferred tax assets on deductible temporary differences, unused tax losses (unabsorbed depreciation) and for unused tax credits (MAT credit), that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is dependent on the Company's ability to generate future taxable profits sufficient to utilize the deductible temporary differences and tax losses and to set off the unused tax credits as above.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p> <p>Refer Note No. 10 to the Standalone Financial Statements</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- reconciling tax losses/ credits and expiry dates to tax statements;</li> <li>- assessing the accuracy of forecasts of future taxable profits by comparing the assumptions, such as projected growth rates, and their consistency with business plans and forecasts used for impairment testing purposes</li> <li>- evaluating the adequacy of disclosures in the financial statements.</li> </ul>

### Information Other than the Standalone Financial Statements and Auditor's Report thereon (Other Information)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Corporate Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other Information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the



underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement

of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, no managerial remuneration has been paid or provided during the year. Sitting fees paid to the directors is within the limits prescribed under the Act.
- (h) 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 18 to the financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Varma & Varma**

Chartered Accountants  
FRN. 004532S

**P R Prasanna Varma**

Chennai  
May 21, 2019

Partner  
M.No. 025854

## Annexure 'A'

Referred to in Paragraph 1 under the heading report on “Other Legal and Regulatory Requirements” of our Independent Audit Report of even date on the Standalone Financial Statements of Rane Engine Valve Limited for the Year Ended March 31, 2019

- (i) a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.
- c. According to the information and explanations given to us and based on the examination of the records of the Company including confirmations received from banks in respect of title deeds deposited with them, wherever applicable, and having regard to the Scheme of Amalgamation approved by the Honourable High Court, we report that the title deeds of immovable properties are held in the name of the Company except in one case wherein the local authority has claimed the title of a property held by the Company and in respect of which, the Company has obtained a stay order from the Honourable High Court of Andhra Pradesh.
- (ii) We are informed that the physical verification of inventory has been conducted by the management at reasonable intervals and discrepancies noticed on such verification have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies/firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 Accordingly, reporting under clause 3 (iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not made any investments, granted any loans or given any security or guarantee for which the provisions of section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted deposits during the year. Accordingly, reporting under clause 3 (v) of the Order is not applicable to the Company.
- (vi) The Central Government has prescribed the maintenance of cost records under Section 148 (1) of the Act in respect of certain products manufactured by the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited on account of any dispute as at March 31, 2019 are as follows:

Statute	Nature of dues	Amount (₹ In Cr)	Period to which the amount pertains	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.23	April 1994 to March 1995	Honourable Supreme Court of India
Income Tax Act, 1961	Income Tax	0.35	April 2003 to March 2004	Honourable High Court of Madras
Income Tax Act, 1961	Income Tax	1.06	April 2007 to March 2008 & April 2010 to March 2011	Income Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income Tax	0.18	April 2002 to March 2003	Commissioner of Income Tax, Chennai
Finance Act, 1994	Service Tax	0.07	April 2005 to March 2008	Customs, Excise & Service Tax Appellate Tribunal, Bengaluru.

Statute	Nature of dues	Amount (₹ In Cr)	Period to which the amount pertains	Forum where dispute is pending
Finance Act, 1994	Service Tax	0.00	April 2011 to August 2011	Commissioner of Central Excise (Appeals), Bengaluru.
Finance Act, 1994	Service Tax	0.23	April 2006 to March 2014	Commissioner of Service Tax, Chennai
Finance Act, 1994	Service Tax	0.07	April 2016 to March 2017	Honourable High Court of Madras
Maharashtra Value Added Tax Act, 2002	Maharashtra VAT	0.49	April 2011 to March 2012 & April 2013 to March 2014	Jt. Commissioner of Sales Tax, Maharashtra

(viii) In our opinion and according to the information and explanations given to us and based on the records of the Company examined by us, the Company has not defaulted in repayment of loans to banks or government. The Company has neither taken any loans or borrowings from any financial institution during the year nor has it issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loan availed by the Company during the year have been applied for the purpose for which it was obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees which has been, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on the records of the Company examined by us, no managerial remuneration has been paid or provided during the year as per the provisions of Section 197(1) of Companies Act, 2013. Accordingly, reporting under clause 3 (xi) of the Order is not applicable to the Company.

(xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on the records of the Company examined by us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details thereof have been duly disclosed in Note 28 to the standalone financial statements as required by the applicable accounting standard.

(xiv) According to the information and explanations given to us and based the records of the Company examined by us, the company has not made any preferential allotment/private placement of shares or fully or partially convertible debentures during the year. Accordingly, reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirements under clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order is not applicable to the Company.

For **Varma & Varma**  
Chartered Accountants  
FRN. 004532S

Chennai  
May 21, 2019

**P R Prasanna Varma**  
Partner  
M.No. 025854

## Annexure 'B'

Referred to in Paragraph 1 under the heading report on “Other Legal and Regulatory Requirements” of our Independent Audit Report of even date on the Standalone Financial Statements of Rane Engine Valve Limited for the Year Ended March 31, 2019

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Rane Engine Valve Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Varma & Varma**  
Chartered Accountants  
FRN. 004532S

**P R Prasanna Varma**  
Partner  
M.No. 025854

Chennai  
May 21, 2019

# Balance Sheet

## As At March 31, 2019

(₹ in crores)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2(A)	124.98	131.80
Capital Work-in-Progress	2(A)	6.23	4.15
Investment Property	2(C)	0.31	0.31
Intangible Assets	2(B)	0.12	0.14
<b>Financial Assets</b>			
- Investments	3	0.94	0.04
- Other Financial Assets	4	4.71	4.50
Deferred tax assets (net)	10	16.57	9.59
Tax Assets (net)	9	7.50	9.16
Other Non-Current Assets	5	0.53	1.19
<b>Total Non-Current Assets</b>		<b>161.89</b>	<b>160.88</b>
<b>Current Assets</b>			
Inventories	6	80.15	58.36
<b>Financial Assets</b>			
- Trade Receivables	7	83.56	79.29
- Cash and Cash Equivalents	8	2.19	10.55
- Bank balances other than above	8	0.14	0.22
- Other Financial Assets	4	2.63	2.60
Other Current Assets	5	12.52	8.47
<b>Total Current Assets</b>		<b>181.19</b>	<b>159.49</b>
<b>TOTAL ASSETS</b>		<b>343.08</b>	<b>320.37</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	6.72	6.72
Other Equity	12	120.59	134.26
<b>Total Equity</b>		<b>127.31</b>	<b>140.98</b>
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
- Borrowings	13	34.89	33.25
Provisions	15	12.96	11.05
<b>Total Non-Current Liabilities</b>		<b>47.85</b>	<b>44.30</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
- Borrowings	13	81.51	61.45
- Trade Payables	16		
- Micro & Small Enterprises		0.73	0.70
- Others		57.44	49.21
- Other Financial Liabilities	14	26.17	21.41
Other Current Liabilities	17	1.21	1.41
Provisions	15	0.86	0.91
<b>Total Current Liabilities</b>		<b>167.92</b>	<b>135.09</b>
<b>Total Liabilities</b>		<b>215.77</b>	<b>179.39</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>343.08</b>	<b>320.37</b>
Significant Accounting Policies and key accounting estimates and judgements	1		
See accompanying notes to financial statements	2-39		

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
Firm Registration No. 004532S

**P R Prasanna Varma**  
Partner  
Membership No. 025854

Chennai  
May 21, 2019

**Harish Lakshman**  
Vice Chairman  
DIN : 00012602

**Kalidoss S**  
Company Secretary

For and on behalf of the Board

**L Ganesh**  
Chairman & Managing Director  
DIN : 00012583

**V K Vijayaraghavan**  
Chief Financial Officer



# Statement Of Profit And Loss

For The Year Ended March 31, 2019

(₹ in crores)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
<b>Revenue</b>			
Revenue from Operations	19	422.63	383.41
Other Income	20	2.23	1.76
<b>Total Revenue</b>		<b>424.86</b>	<b>385.17</b>
<b>Expenses</b>			
Cost of Raw Materials Consumed	21	184.45	146.86
Purchase of Stock-in-Trade	22	10.85	7.68
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	23	(20.09)	(2.73)
Excise Duty		-	8.17
Employee Benefits Expense	24	111.53	101.68
Finance Costs	25	9.88	7.58
Depreciation and Amortization	2(A),2(B)	30.53	29.01
Other Expenses	26	118.20	108.05
<b>Total Expenses</b>		<b>445.35</b>	<b>406.30</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>(20.49)</b>	<b>(21.13)</b>
Exceptional items		-	-
<b>Profit / (Loss) before tax</b>		<b>(20.49)</b>	<b>(21.13)</b>
<b>Tax Expense:</b>			
Current tax		-	-
Deferred Tax	10	(6.92)	(4.04)
Excess/(Short) Tax Provision for earlier years		-	(0.03)
<b>Profit / (Loss) for the year</b>		<b>(13.57)</b>	<b>(17.06)</b>
<b>Other Comprehensive Income (OCI)</b>			
(A) Items that will not be reclassified to statement of Profit and Loss			
(i) Remeasurement benefit/(loss) of defined benefit plans		(0.16)	0.01
(ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans		0.06	(0.00)
<b>Total Comprehensive Income for the Year</b>		<b>(13.67)</b>	<b>(17.05)</b>
Earning per Equity Share: (Refer Note No.33)			
- Basic (in ₹)		(20.20)	(25.40)
- Diluted (in ₹)		(20.20)	(25.40)
Number of shares of ₹ 10 each		67,18,992	67,18,992
Significant Accounting Policies and key accounting estimates and judgements	1		
See accompanying notes to financial statements	2-39		

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
Firm Registration No. 004532S

**P R Prasanna Varma**  
Partner  
Membership No. 025854

Chennai  
May 21, 2019

**Harish Lakshman**  
Vice Chairman  
DIN : 00012602

**Kalidoss S**  
Company Secretary

For and on behalf of the Board

**L Ganesh**  
Chairman & Managing Director  
DIN : 00012583

**V K Vijayaraghavan**  
Chief Financial Officer



# Cash Flow Statement

For The Year Ended March 31, 2019

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. Cash flow from operating activities</b>		
<b>Net profit/(loss) before tax</b>	<b>(20.49)</b>	<b>(21.13)</b>
<b>Adjustments for:</b>		
Depreciation & Amortisation Expense	30.53	29.01
Unrealised Foreign exchange loss / (gain) - Net	0.42	0.10
Finance Costs	9.88	7.58
Interest Income	(0.69)	(0.68)
(Gain) / Loss on disposal of Property, Plant & Equipment - Net	-	(0.02)
Assets Written off / Loss on Retirement of Assets	0.12	0.74
(Gain) / Loss on sale of investment	-	(0.00)
Provision for bad debts and bad debts written off	3.68	(0.05)
Advances Written Off / Provision for Doubtful Advances	0.21	0.00
<b>Operating profit before working capital changes</b>	<b>23.66</b>	<b>15.55</b>
<b>Adjustments for (Increase) / Decrease in :</b>		
Trade receivables	(8.36)	(12.43)
Non-Current and Current financial assets	(0.14)	11.45
Inventories	(21.78)	(10.07)
Other Non-current and Current assets	(4.27)	3.00
Trade payables	8.31	8.77
Non-Current and Current financial liabilities	1.76	(0.66)
Other Non-Current and Current liabilities	(0.20)	(1.54)
Non-Current and Current provisions	1.70	2.40
<b>Cash generated from operating activities</b>	<b>0.68</b>	<b>16.47</b>
Income taxes paid - net of refund	1.67	(1.78)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>2.35</b>	<b>14.69</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of Property, Plant and Equipment	(25.24)	(20.69)
Proceeds from sale of Property, Plant and Equipment	0.00	0.03
Purchase of Non-Current investments - Others	(0.90)	-
Proceeds from sale of Non-Current investments	-	0.00
Purchase of Current investments - Others	-	-
Proceeds from sale of Current investments	-	0.00
Interest received	0.66	0.80
<b>Net cash (used in)/generated by investing activities (B)</b>	<b>(25.48)</b>	<b>(19.86)</b>

# Cash Flow Statement

For The Year Ended March 31, 2019

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>C. Cash flow from financing activities:</b>		
Proceeds from Non-Current borrowings	18.00	18.00
Repayment of Non-Current borrowings	(13.26)	(15.24)
Proceeds from / (Repayment) of Current borrowings	20.27	22.68
Repayment of Interest Free Sales Tax Loan	(0.35)	(1.05)
Finance Costs paid	(9.82)	(7.51)
Dividend and Dividend tax paid	(0.07)	(2.05)
<b>Net cash (used in)/generated by financing activities (C)</b>	<b>14.77</b>	<b>14.83</b>
<b>Net Increase/(Decrease) in cash equivalents (A)+(B)+(C)</b>	<b>(8.36)</b>	<b>9.66</b>
Cash and cash equivalents at the beginning of the year	10.55	0.89
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(0.00)	0.00
Cash and cash equivalents - Closing Balance	2.19	10.55
	<b>(8.36)</b>	<b>9.66</b>

## Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash flow

(b) **Cash and Cash Equivalents** comprises of

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Banks:		
- Current Accounts	2.17	0.53
- Deposit with Bank with maturity less than 3 months	-	10.00
- Cash on hand	0.02	0.02
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	<b>2.19</b>	<b>10.55</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
Firm Registration No. 004532S

**P R Prasanna Varma**  
Partner  
Membership No. 025854

Chennai  
May 21, 2019

**Harish Lakshman**  
Vice Chairman  
DIN : 00012602

**Kalidoss S**  
Company Secretary

For and on behalf of the Board

**L.Ganesh**  
Chairman & Managing Director  
DIN : 00012583

**V K Vijayaraghavan**  
Chief Financial Officer

# Statement Of Changes In Equity

For The Period Ended March 31, 2019

Particulars	Other Equity					Other Equity
	Share Capital	Capital Reserve	General Reserve	Retained Earnings	Remeasurement of Defined Benefit Plans through OCI	
<b>Balance as at April 01, 2017</b>	6.72	1.34	105.41	47.25	(0.67)	153.33
Profit / (Loss) for the year				(17.06)		(17.06)
Other Comprehensive Income / (Loss) for the year, net of taxes						-
- Remeasurement of Defined Benefit Plans					0.01	0.01
<b>Total Comprehensive Income for the year</b>						-
Dividends				(1.68)		(1.68)
Tax on Dividend				(0.34)		(0.34)
Transfer to General Reserve			27.54	(27.54)		-
<b>Balance as at March 31, 2018</b>	6.72	1.34	132.95	0.63	(0.66)	134.26
Profit / (Loss) for the year				(13.57)		(13.57)
Other Comprehensive Income / (Loss) for the year, net of taxes						-
- Remeasurement of Defined Benefit Plans					(0.10)	(0.10)
<b>Total Comprehensive Income for the year</b>						-
Dividends				-		-
Tax on Dividend				-		-
Transfer to General Reserve						-
<b>Balance as at March 31, 2019</b>	6.72	1.34	132.95	(12.94)	(0.76)	120.59

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **Varma & Varma**

Chartered Accountants

Firm Registration No. 004532S

**P R Prasanna Varma**

Partner

Membership No. 025854

Chennai

May 21, 2019

For and on behalf of the Board

**Harish Lakshman**

Vice Chairman

DIN : 00012602

**Kalidoss S**

Company Secretary

**L. Ganesh**

Chairman & Managing Director

DIN : 00012583

**V K Vijayaraghavan**

Chief Financial Officer

# Notes Forming Part of Financial Statements

## 1. General Information

Rane Engine Valve Limited (The “Company”) is engaged in manufacture of engine valves, Guides and Tappets for passenger cars, commercial vehicles, farm tractors, stationery engines, railway/marine engines and two/three wheelers and as such operates in a single reportable business segment of ‘components for transportation industry’. The Company is having five manufacturing facilities at Chennai, Hyderabad(2), Trichy and Tumakuru. The Company is a Public Limited Company and listed on Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

## 2. Summary of Significant accounting policies

### 2.1 Basis of Preparation

#### Compliance with Indian Accounting Standards (Ind AS):

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act.

The financial statements are prepared under historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

### 2.2 Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make judgements, estimates and assumptions that effect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about the assumptions and

estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.”

### 2.3 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment in value, if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any.

If the Company has acquired a Property, Plant and Equipment on deferred term basis and terms are beyond normal credit terms, property plant and equipment will be recognized on cash price equivalent, i.e. discounted amount.

The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.”

#### Depreciation

Depreciation on Property , Plant and Equipment (Tangible assets) is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under Straight line method. The useful life of assets prescribed in Schedule II to the Companies Act, 2013 are considered for the purpose of Computation of Depreciation. However, If the management’s estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the

## Notes Forming Part of Financial Statements

useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life indicated below which is different from that stated in Schedule II to the Companies Act, 2013.

S No.	Category	Useful life of assets (Yrs.)
1	Furniture and Fittings	5
2	Office Equipment's	3
3	Vehicles	5

Depreciation charge on additions / deletions is restricted to the period of use. Depreciation methods, useful lives and residual values are reviewed annually.

### 2.4 Investment Property

Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably.

The fair value of investment property is disclosed in the notes. Fair values are determined based on the Guideline Value published by the relevant revenue authority.

### 2.5 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful life as given below.

S No.	Category	Useful life of assets (Yrs.)
1	Software license	3
2	Technical Know how	3

Amortization method and useful lives are reviewed annually.

### 2.6 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable

amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognized.

### 2.7 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction / production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of that asset. All other borrowing costs are charged to revenue.

### 2.8 Inventories

Inventories are stated at lower of weighted average cost and net realizable value. Cost of inventories comprises of purchase cost, cost of conversion and other cost including manufacturing overheads incurred in bringing the inventory to present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.9 Foreign Currency Transaction Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the Functional currency and the foreign currency at the date of the transaction.

#### Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are reinstated at the end of accounting period.

Exchange differences on reinstatement of all monetary items are recognized in the Statement of Profit and Loss.

## Notes Forming Part of Financial Statements

### Derivative Financial instruments and Hedge Accounting

The Company is exposed to foreign currency risk arising out of Foreign currency revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans. The Company has a detailed foreign currency risk mitigation policy in place, including the use of derivatives like the forward currency contracts/ options contracts to hedge forecasted cash flows denominated in Foreign currency. The objective of the same is to mitigate the impact of foreign currency exchange fluctuations caused by transacting in foreign currency in case of future cash flows or highly probable forecast transactions. The Company enters into various foreign currency derivative contracts with Banks in the form of Forward currency contracts ('Hedging instrument') and recognize the financial assets / liabilities ('hedged item') through formal documentation of the hedging relationship in line with the Company's Foreign currency risk management policy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity relating to effective portion as described above, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

### 2.10 Revenue Recognition

#### Note for adoption of Ind AS 115

The company has applied Ind AS 115 'Revenue from contracts with customers' with effect from April 01, 2018. The performance obligations under all sales contracts are satisfied at a point of time. Ind AS 115 did not have a material impact on the amount or timing of recognition of reported revenue.

#### Sale of goods

The Company derives revenues primarily from sale of Engine Valves, Guides and Tappets. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the probable consideration expected to be received in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount/pricing incentives varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount/pricing incentives is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts/pricing incentives in the period in which the change occurs.

Revenue from services has been recognised as and when the service has been performed.

#### Other Income

**Interest :** Interest income is recognized on effective interest method taking into account the amount outstanding and the rate applicable.

**Export Incentives :** Export incentives including Duty Drawback and entitlements under Merchandise Exports from India Scheme (MEIS) are accounted on accrual basis.

**Dividend :** Dividend income is recognized when the right to receive dividend is established.

### 2.11 Insurance Claims

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 realizing the claims.

### 2.12 Employee Benefits

#### 1. Short - Term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.



## Notes Forming Part of Financial Statements

### 2. Defined Contribution Plans

#### Provident Fund

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

#### Superannuation Fund

This is a defined contribution Plan. The Company contributes sum equivalent to certain specified percentages of the eligible annual salaries based on the options exercised by the eligible employees to Superannuation Fund administered by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contribution and recognizes such contribution as expense as and when due.

### 3. Defined Benefit Plan

#### Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") administered by LIC covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the other comprehensive income in the year in which they arise. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

### 4. Other Long term employee benefits

#### Compensated Absence

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated

as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the Profit and Loss Statement in the year in which they arise.

### 2.13 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant prevailing tax laws. Tax expenses relating to the items in profit and loss shall be treated as current tax as part of profit and loss and those relating to items in other comprehensive income (OCI) shall be recognized as part of the part of OCI.

Deferred tax is recognized for all the temporary differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in computation of taxable profit. Deferred tax assets are recognized and carried forward only to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognized deferred tax assets, if any and the same is recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation law.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period. MAT shall be treated as part of deferred tax assets.

## Notes Forming Part of Financial Statements

### 2.14 Financial instruments

#### Initial recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

#### Subsequent measurement

##### i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### ii. Financial assets at fair value through profit or loss

A financial asset which is not classified in the above category is subsequently fair valued through profit or loss.

##### iii. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IND AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### Impairment

All financial assets classified as at amortized cost shall be tested for impairment under Ind AS 109 and measured using Expected Credit Loss (ECL) model."

### 2.15 Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be

received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

### 2.16 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. All government grants are initially recognized by way of setting up as deferred income. Government grants relating to income are subsequently recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are subsequently recognized in profit or loss on a systematic basis over the expected life of the related depreciable assets. Grants recognized in Profit and Loss as above are presented within other income.

### 2.17 Research & Development Expenditure

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for property, plant and equipment and intangible assets.

### 2.18 Provisions and Contingent Liabilities

**Provisions :** Provisions are recognized when there is a present obligation as result of a past event, it is probable

## Notes Forming Part of Financial Statements

that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value unless the effect of time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Contingent Liabilities** : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

### 2.19 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting equity dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 3. Critical accounting judgements, assumptions and key sources of estimation uncertainty

The following are the critical judgements, assumptions concerning the future, and key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 3.1 Useful lives of property, plant and equipment

As described at Note 2.3 above, the charge in respect of periodic depreciation for the year is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

#### 3.2 Employee Benefits

The cost of defined benefit plans are determined using actuarial valuation, which involves making assumptions about discount rates, expected rates of return on assets, future salary increases, and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 3.3 Taxation

Significant assumptions and judgements are involved in determining the provision for tax based on tax enactments, relevant judicial pronouncements and tax expert opinions, including an estimation of the likely outcome of any open tax assessments / litigations. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available, based on estimates thereof.

#### 3.4 Provisions and contingencies

Critical judgements are involved in measurement of provisions and contingencies and estimation of the likelihood of occurrence thereof based on factors such as expert opinion, past experience etc.

## 4. Recent accounting pronouncements

### Standards issued but not yet effective

#### Amendments to Ind AS 12 - Income Taxes

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized

## Notes Forming Part of Financial Statements

and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

### **Amendment to Ind AS 19 - Employee Benefits**

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to

recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

### **New Accounting Standard : Ind AS 116 - Leases**

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

The Company is currently evaluating the effect of the above on its standalone financial statements.

## Notes Forming Part of Financial Statements

### Note 2(A) : Property, Plant and Equipment and Capital Work-in-progress

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Carrying amounts of:</b>		
Freehold land (Refer Note 18.3)	2.05	2.05
Buildings	31.47	32.44
Plant and equipment	90.36	95.76
Furniture and Fixtures	0.62	0.78
Office Equipments	0.48	0.76
Vehicles	0.00	0.01
	<b>124.98</b>	<b>131.80</b>
Capital Work-in-progress	6.23	4.15
<b>Total</b>	<b>131.21</b>	<b>135.95</b>

(₹ in crores)

Gross Block	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total
<b>Balance as at April 01, 2017</b>	<b>2.05</b>	<b>35.43</b>	<b>126.86</b>	<b>1.35</b>	<b>2.36</b>	<b>0.01</b>	<b>168.06</b>
Additions	-	0.22	19.56	0.22	0.10	-	20.10
Disposals	0.00	-	0.01	-	0.01	-	0.02
<b>Balance as at March 31, 2018</b>	<b>2.05</b>	<b>35.65</b>	<b>146.41</b>	<b>1.57</b>	<b>2.45</b>	<b>0.01</b>	<b>188.14</b>
Additions	-	0.82	22.43	0.18	0.29	-	23.72
Disposals	-	-	0.29	-	0.07	-	0.36
<b>Balance as at March 31, 2019</b>	<b>2.05</b>	<b>36.47</b>	<b>168.55</b>	<b>1.75</b>	<b>2.67</b>	<b>0.01</b>	<b>211.50</b>

(₹ in crores)

Accumulated depreciation	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total
<b>Balance as at April 01, 2017</b>	<b>-</b>	<b>1.61</b>	<b>24.53</b>	<b>0.43</b>	<b>1.00</b>	<b>0.00</b>	<b>27.57</b>
Additions	-	1.60	26.12	0.36	0.69	0.00	28.77
Disposals	-	-	0.00	-	-	-	0.00
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>3.21</b>	<b>50.65</b>	<b>0.79</b>	<b>1.69</b>	<b>0.00</b>	<b>56.34</b>
Depreciation for the year	-	1.79	27.72	0.34	0.56	0.01	30.42
Disposals	-	-	0.18	-	0.06	-	0.24
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>5.00</b>	<b>78.19</b>	<b>1.13</b>	<b>2.19</b>	<b>0.01</b>	<b>86.52</b>
<b>Carrying amount as at March 31, 2018</b>	<b>2.05</b>	<b>32.44</b>	<b>95.76</b>	<b>0.78</b>	<b>0.76</b>	<b>0.01</b>	<b>131.80</b>
<b>Carrying amount as at March 31, 2019</b>	<b>2.05</b>	<b>31.47</b>	<b>90.36</b>	<b>0.62</b>	<b>0.48</b>	<b>0.00</b>	<b>124.98</b>

## Notes Forming Part of Financial Statements

### Note 2(B) : Intangible Assets

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Carrying amounts of:</b>		
Internally Generated Process Knowhow	(0.00)	0.03
Software Licences	0.12	0.11
<b>Total</b>	<b>0.12</b>	<b>0.14</b>

(₹ in crores)

Gross Block	Internally Generated Process Knowhow	Software Licences	Total
<b>Balance as at April 01, 2017</b>	<b>0.33</b>	<b>0.16</b>	<b>0.49</b>
Additions	-	0.07	0.07
Disposals	-	-	-
<b>Balance as at March 31, 2018</b>	<b>0.33</b>	<b>0.23</b>	<b>0.56</b>
Additions	-	0.09	0.09
Disposals	-	-	-
<b>Balance as at March 31, 2019</b>	<b>0.33</b>	<b>0.32</b>	<b>0.65</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance as at April 01, 2017</b>	<b>0.15</b>	<b>0.03</b>	<b>0.18</b>
Eliminated on disposals	-	-	-
Amortisation expense	0.15	0.09	0.24
<b>Balance as at March 31, 2018</b>	<b>0.30</b>	<b>0.12</b>	<b>0.42</b>
Eliminated on disposals	-	-	-
Amortisation expense	0.03	0.08	0.11
<b>Balance as at March 31, 2019</b>	<b>0.33</b>	<b>0.20</b>	<b>0.53</b>
<b>Carrying amount as on March 31, 2018</b>	<b>0.03</b>	<b>0.11</b>	<b>0.14</b>
<b>Carrying amount as on March 31, 2019</b>	<b>(0.00)</b>	<b>0.12</b>	<b>0.12</b>

### Note 2(C) : Investment Property

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Carrying amounts at Cost :</b>		
Investment property - Land	0.31	0.31
<b>Total</b>	<b>0.31</b>	<b>0.31</b>

### Fair value of the Company's investment property :

(₹ in crores)

Particulars	Level 3 (Guideline Value)	
	March 31, 2019	March 31, 2018
<b>Fair Value</b>	<b>0.54</b>	<b>0.54</b>



## Notes Forming Part of Financial Statements

### Note 3 : Non-Current Investments

(₹ in crores)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Quantity	Amount	Quantity	Amount
<b>Unquoted Investments</b>				
Investment in Equity instruments at FVTPL (Fully Paid up)				
Capsol Energy Private Limited of ₹ 10 each	9,00,000	0.90	-	-
TCW Wind Power Private Limited of ₹ 10 each	462	0.00	-	-
Clean Wind Power (Manvi) Private Limited of ₹ 10 each	43,200	0.04	43,200	0.04
<b>Total Unquoted Investments</b>		<b>0.94</b>		<b>0.04</b>

### Note 4 : Financial Assets

(₹ in crores)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and considered good unless otherwise stated :</b>				
Security Deposits	4.45	4.24	-	-
Rent Deposits	-	-	0.52	0.52
Interest accrued on Deposits	-	-	0.27	0.23
Rebate of ED on Exports Receivable	-	-	-	0.81
Duty Drawback Receivable	-	-	0.37	0.64
Insurance Claims Receivable	-	-	1.34	0.28
<b>Deposits with Government Authorities</b>				
Customs Duty Receivable	0.01	0.01	-	-
Sales Tax receivable	0.04	0.04	-	-
Sales Tax paid under protest	0.21	0.21	-	-
Loans to employees	-	-	0.13	0.12
<b>Total</b>	<b>4.71</b>	<b>4.50</b>	<b>2.63</b>	<b>2.60</b>

### Note 5 : Other Assets

(₹ in crores)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and considered good unless otherwise stated :</b>				
Capital Advances	0.53	1.19	-	-
Prepaid Expenses	-	-	1.71	1.50
MEIS Scrips received	-	-	1.17	0.50
MEIS Receivable	-	-	5.44	4.65
Advances to Employees	-	-	0.15	0.12
<b>Balance with government authorities</b>				
Customs and Excise	-	-	0.06	0.48
Value added tax	-	-	-	0.10
Goods and Service Tax	-	-	3.23	0.25

## Notes Forming Part of Financial Statements

(₹ in crores)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Other Advances</b>				
Considered Good	-	-	0.76	0.87
<b>Total</b>	<b>0.53</b>	<b>1.19</b>	<b>12.52</b>	<b>8.47</b>

### Note 6 : Inventories

(₹ in crores)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Valued at Lower of Cost or Realisable value</b>		
Raw Materials	17.96	16.02
Raw Material-Goods in Transit	0.90	0.76
Work in Progress	14.14	11.25
Finished Goods	12.93	5.08
Finished Goods-Goods in Transit	20.11	11.74
Stock in Trade	1.86	0.88
Stores and Spares	12.25	12.63
<b>Total</b>	<b>80.15</b>	<b>58.36</b>

6.1 The cost of inventories recognized as an expense during the year is as per Note No. 21 to 23.

6.2 The cost of inventories recognized as an expense includes ₹ 1.78 crores (during 2017-18: ₹ 1.38 crores) in respect of write-downs of inventory to net realizable value.

6.3 The mode of valuation of inventories has been stated in note 2.8

### Note 7 : Trade Receivables

(₹ in crores)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Unsecured</b>		
Trade Receivables - Considered good (Refer Note No.7.2)	83.56	79.29
Trade Receivables - Credit impaired	4.96	1.28
	88.52	80.57
Expected credit loss allowance	(4.96)	(1.28)
<b>Total</b>	<b>83.56</b>	<b>79.29</b>

#### 7.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

The Company as a policy provides for 100% for outstanding above 120 days past due.

(₹ in crores)

Movement in expected credit loss allowance	Year ended	Year ended
	March 31, 2019	March 31, 2018
Balance at beginning of the year	1.28	1.33
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	3.68	(0.05)
Amount written off during the year	(0.00)	-
Balance at end of the year	4.96	1.28

7.2 Trade Receivables - considered good includes due from related parties of ₹ 0.88 crores (₹ 0.91 crores)

## Notes Forming Part of Financial Statements

### Note 8 : Cash and Cash Equivalents

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Cash and cash equivalents</b>		
Balance with banks		
In Current Accounts	2.17	0.53
In Deposit Accounts	-	10.00
Cash on hand	0.02	0.02
<b>Total</b>	<b>2.19</b>	<b>10.55</b>
<b>Bank balances other than above</b>		
Earmarked balances with banks		
Unclaimed Dividend accounts	0.13	0.21
Unclaimed REVL Fractional Shares account	0.01	0.01
<b>Total</b>	<b>0.14</b>	<b>0.22</b>

### Note 9 : Tax Assets / Liabilities (Net)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Tax Assets</b>		
Advance Income Tax	68.91	70.57
Less : Provision for Income Tax	(61.41)	(61.41)
<b>Total</b>	<b>7.50</b>	<b>9.16</b>

### Note 10 : Deferred Tax

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	18.75	14.20
Deferred tax liabilities	(2.18)	(4.61)
<b>Total</b>	<b>16.57</b>	<b>9.59</b>

(₹ in crores)

2018-19	Opening balance	Recognized in profit or loss	Recognized in Other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/asset in relation to</b>				
Property plant and equipment and Intangible Assets	(4.61)	2.43	-	(2.18)
Expenses allowable under tax on actual payment basis	4.70	0.97	-	5.67
Voluntary Retirement Compensation Scheme	1.41	(0.71)	-	0.70
Amalgamation Expenses	0.05	(0.05)	-	-
Provision for doubtful debts	0.45	1.29	-	1.74
Remeasurement benefit/(loss) of defined benefit plans	(0.00)	-	0.06	0.06
Unused Tax losses - unabsorbed depreciation	3.64	2.99	-	6.63
Unused Tax Credit - MAT Credit Entitlement	3.95	-	-	3.95
<b>Net Deferred Tax Asset / (Liability)</b>	<b>9.59</b>	<b>6.92</b>	<b>0.06</b>	<b>16.57</b>

Considering the forecasts of future performance and resultant cash flows, the management is of the opinion that the deferred tax assets available will be realized against future taxable profits.

## Notes Forming Part of Financial Statements

### Note 11 : Authorized Share Capital

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorized Share Capital:-</b>		
1,23,50,000 Equity Shares (1,23,50,000 Equity Shares) of ₹ 10 each	12.35	12.35
1,50,000 13.5% Preference Shares (1,50,000 Preference Shares) of ₹ 10 each	0.15	0.15
<b>Total</b>	<b>12.50</b>	<b>12.50</b>
<b>Issued, Subscribed and Fully Paid Up:-</b>		
67,18,992 Equity Shares (67,18,992 Equity Shares) of ₹ 10 each	6.72	6.72
<b>Total</b>	<b>6.72</b>	<b>6.72</b>

#### 11.1 Reconciliation of number of shares

Particulars	2018-19		2017-18	
	No of Shares	Amount	No of Shares	Amount
<b>Equity Shares of ₹ 10 each fully paid up</b>				
At the beginning of the period	67,18,992	6.72	67,18,992	6.72
Additions/(Deletions) during the year	-	-	-	-
At the end of the period	67,18,992	6.72	67,18,992	6.72

#### 11.2 Details of shares held by each shareholder holding more than 5 percent of equity shares in the Company:

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Rane Holdings Limited, the Holding Company	36,83,054	54.82	34,31,054
Enam Share and Securities Private Limited	4,78,890	7.13	4,78,890	7.13

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

11.4 The Company has one class of shares i.e. equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to share holding.

#### 11.5 Details of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Pursuant to clause 5.1 of the Scheme of Amalgamation between Kar Mobiles Limited and the Company, 15,68,000 equity shares of ₹ 10/- each fully paid up were allotted on 04-May-2015, to shareholders of Kar Mobiles Limited in the proportion of 7 fully paid up equity shares of ₹ 10 each in the Company for every 10 equity shares of ₹ 10/- each held in the Kar Mobiles Limited .

### Note 12 : Other Equity

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Reserve	1.34	1.34
General Reserve	132.95	132.95
Retained Earnings	(13.70)	(0.03)
<b>Total</b>	<b>120.59</b>	<b>134.26</b>

## Notes Forming Part of Financial Statements

### 12.1 Capital Reserve

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	1.34	1.34
Add : Additions during the year		
Less : Deductions during the year		
<b>Closing balance</b>	<b>1.34</b>	<b>1.34</b>

### 12.2 General Reserve

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	132.95	105.41
Add : Additions during the year	-	27.54
Less : Deductions during the year	-	-
<b>Closing balance</b>	<b>132.95</b>	<b>132.95</b>

General reserve is created from time to time by transferring profits from retained earnings and can be utilized for purposes such as dividend payout, bonus issue, etc.

### 12.4 Retained Earnings

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	(0.03)	46.58
Add:-		
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(13.57)	(17.06)
Other comprehensive income / (Loss) arising from remeasurement of defined benefit obligation net of income tax	(0.10)	0.01
Less:-		
Final Dividend-Paid ₹ Nil per share (Previous year ₹ 2.5 per share)	-	1.68
Tax on dividend	-	0.34
Transfer to general Reserve	-	27.54
<b>Closing Balance</b>	<b>(13.70)</b>	<b>(0.03)</b>

### Note 13 : Borrowings

(₹ in crores)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>				
Term Loans from Banks (Refer Note 13.1 & 13.2)	34.89	33.08	16.19	13.25
Loans repayable on demand from banks (Refer Note 13.3)	-	-	78.68	53.90
<b>Unsecured</b>				
Bill Discounting from Banks	-	-	2.83	7.55
Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note No.13.4)	-	0.17	0.17	0.35
	34.89	33.25	97.87	75.05
Amount included under the head "Other Financial Liabilities" ( Refer Note 14)	-	-	(16.36)	(13.60)
<b>Total</b>	<b>34.89</b>	<b>33.25</b>	<b>81.51</b>	<b>61.45</b>

**13.1** Term loans are secured by Pari-passu basis first charge on the Company's immovable and movable fixed assets (other than properties situated at Peenya and Tumakuru) both present and future.

## Notes Forming Part of Financial Statements

### 13.2 Details of the long term borrowings

Particulars	Repayment Start Date	O/s. Amt. as on 31.03.2019 (₹ in crores)	Current Maturities (₹ in crores)	Interest Rate	Instalment Amt. (₹ in crores)	No. of Quarterly Instalments as per agreement
Rupee Term Loans						
Kotak Mahindra Bank Ltd	Jan-2016	4.69	4.69	9.25%	1.56	16
HDFC Bank Ltd						
Loan 1	Oct-2016	3.75	2.50	9.85%	0.63	16
Loan 2	Nov-2016	6.75	4.50	9.85%	1.13	16
Loan 3	Aug-2019	17.95	4.50	9.20%	1.50	12
Federal Bank Ltd	Aug-2020	17.94	-	9.00%	1.50	12
<b>Total</b>		<b>51.08</b>	<b>16.19</b>			

### 13.3

- Short term borrowings amounting to ₹ 8.32 crores (₹ 12.30 crores) from State Bank of India are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the Company's Tumakuru Unit and also secured by first charge on land and buildings and plant and machineries of the Company's Peenya Unit and Tumakuru Unit.
- Other Short term borrowings amounting to ₹ 70.36 crores (₹ 41.60 crores) from banks are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the Company on Pari-passu basis (other than Property situated at Peenya Unit and Tumakuru Unit).
- Bill discounting from Banks represents liability in respect of vendor financing facility availed by certain Customers with recourse to the Company.
- None of the above loans have been guaranteed by any Directors or others.

**13.4** Represents liability arising out of deferment of sales tax for a period of 14 years from 1996 to 2010. 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.

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

### Note 14 : Financial Liabilities

(₹ in crores)

Particulars	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Current Maturities of Long Term Borrowings (Refer Note No.14.1)	-	-	16.36	13.60
Interest accrued but not due on borrowings	-	-	0.43	0.37
Unclaimed Dividends (Refer Note. No.35)	-	-	0.13	0.21
Unclaimed REVL Fractional Shares	-	-	0.01	0.01
Security / Trade Deposits	-	-	1.32	0.03
Employee Related dues	-	-	5.49	5.55
Payable on Purchase of Fixed Assets	-	-	1.79	1.24
Provision for Forward Contracts / Derivatives (Net)	-	-	0.27	0.04
Others	-	-	0.37	0.36
<b>Total</b>	-	-	<b>26.17</b>	<b>21.41</b>



## Notes Forming Part of Financial Statements

### 14.1 Current maturities of long term borrowings

(₹ in crores)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Current Maturities of Long Term Debt	16.19	13.25
Current Maturities of IFST Loan	0.17	0.35
<b>Total</b>	<b>16.36</b>	<b>13.60</b>

### Note 15 : Provisions

(₹ in crores)

Particulars	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Provision for employee benefits (Refer Note 29)</b>				
Gratuity (Funded)	6.03	4.76	0.47	0.56
Leave Encashment (Unfunded)	6.93	6.29	0.39	0.35
<b>Total</b>	<b>12.96</b>	<b>11.05</b>	<b>0.86</b>	<b>0.91</b>

### Note 16 : Trade Payables

(₹ in crores)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Micro & Small Enterprises (Refer Note No.37)	0.73	0.70
Related Parties	1.54	1.16
Others	55.90	48.05
<b>Total</b>	<b>58.17</b>	<b>49.91</b>

### Note 17 : Other Liabilities

(₹ in crores)

Particulars	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Advance from Customers	-	-	0.12	0.27
Statutory Dues	-	-	1.09	1.14
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.21</b>	<b>1.41</b>

### Note 18 : Contingent Liabilities and Commitments

(₹ in crores)

18.1 Contingent Liabilities	As at	As at
	March 31, 2019	March 31, 2018
Claims against the Company not acknowledged as debt		
Labour Disputes	0.39	0.39
Income Taxes	4.30	7.13
Indirect Taxes	0.82	0.21
Others	0.73	-
Guarantees & Letter of Credits issued by the Banks	7.73	6.27
<b>Total</b>	<b>13.97</b>	<b>14.00</b>

- a) It is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. Future cash outflows in respect of the above are determinable only on receipt of the judgements/decisions pending with various forums/authorities.
- b) The Company does not expect any reimbursements from third parties in respect of the above contingent liabilities.

## Notes Forming Part of Financial Statements

### 18.2 Capital Commitments

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	3.19	6.80

### 18.3 Other commitments

Based on expert opinion obtained by the Company, no liability has been presently created in the books towards the levies and costs in connection with mutating / substituting the title in the revenue records pertaining to certain immovable properties that stand vested with the Company pursuant to a merger in earlier years.

### Note 19 : Revenue from Operations

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products (Refer Note No. 19.1)	416.49	380.71
Less : Discounts	3.72	4.05
	<b>412.77</b>	<b>376.66</b>
Sale of services	0.23	-
<b>Sub-Total</b>	<b>413.00</b>	<b>376.66</b>
Other operating revenues (Refer Note No.19.2)	9.63	6.75
<b>Total</b>	<b>422.63</b>	<b>383.41</b>

### 19.1 Sale of Products Comprises :

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Manufactured Goods</b>		
Valves	376.30	344.44
Guides	19.77	17.89
Tappets	3.31	3.16
	<b>399.38</b>	<b>365.49</b>
<b>Traded Goods</b>		
Valves	14.06	12.60
Guides	1.65	1.80
Piston Assembly	1.29	0.82
Valve Stem Seal	0.11	0.00
	<b>17.11</b>	<b>15.22</b>
<b>Total</b>	<b>416.49</b>	<b>380.71</b>

### 19.2 Other Operating Revenue Comprises:

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Materials	0.69	0.21
Sale of Scrap	3.92	2.62
Export Incentive Receipts	5.02	3.92
<b>Total</b>	<b>9.63</b>	<b>6.75</b>

**19.3** The revenue from operations for the year ended March 31, 2018 is inclusive of excise duty up to the period June 30, 2017 and is therefore not comparable with the revenue from operations for the year ended March 31, 2019, which is presented net of GST consequent to introduction of Goods and Services Tax (GST) w.e.f July 1, 2017.

## Notes Forming Part of Financial Statements

### Note 20 : Other Income

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income - On Financial Assets ( at amortized cost)	0.46	0.68
Interest on Income Tax Refund	0.23	-
Profit on Sale of Short Term Investments (FVTPL)	-	0.00
Exchange gain (net) other than considered under Finance Costs	-	0.16
Profit on Sale of Assets (Net)	-	0.01
Provision no longer required and balances written back	1.15	0.44
Other non-operating income	0.39	0.47
<b>Total</b>	<b>2.23</b>	<b>1.76</b>

### Note 21 : Cost of Raw Materials Consumed

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening Stock	16.78	12.32
Add : Purchases	162.45	130.14
Less : Closing Stock	18.86	16.78
<b>Sub-Total</b>	<b>160.37</b>	<b>125.68</b>
Freight Inward	2.57	2.58
Job Work Expenses	21.51	18.59
<b>Total</b>	<b>184.45</b>	<b>146.85</b>

### Note 22 : Purchase of Stock-in-Trade

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Valves	9.42	7.68
Piston Assembly	1.34	-
Valve Stem Seal	0.09	-
<b>Total</b>	<b>10.85</b>	<b>7.68</b>

### Note 23 : Changes in inventories

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year:		
Finished goods	16.82	16.76
Work-in-progress	11.25	7.99
Stock-in-Trade	0.88	1.47
<b>Total</b>	<b>28.95</b>	<b>26.22</b>
<b>Less:</b> Inventories at the end of the year:		
Finished goods	33.04	16.82
Work-in-progress	14.14	11.25
Stock-in-Trade	1.86	0.88
<b>Total</b>	<b>49.04</b>	<b>28.95</b>
<b>Net (increase) / decrease</b>	<b>(20.09)</b>	<b>(2.73)</b>

## Notes Forming Part of Financial Statements

### Note 24 : Employee Benefits Expense

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and Wages	94.51	82.17
Contributions to -		
Provident and other Funds	3.59	4.34
Superannuation scheme	0.22	0.29
Gratuity (Refer Note 29)	2.26	2.50
Staff welfare expenses	10.95	12.38
<b>Total</b>	<b>111.53</b>	<b>101.68</b>

### Note 25 : Finance Costs

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Borrowing Cost on Loans carried at amortized cost</b>		
Interest expense		
- Term Loans	4.44	4.02
- Bank Overdrafts & Others	4.91	2.85
Other borrowing costs	0.15	0.13
Net (gain) / loss on foreign currency transactions and translation	0.38	0.48
	<b>9.88</b>	<b>7.48</b>
Finance costs on liabilities carried at amortized cost	-	0.10
<b>Total</b>	<b>9.88</b>	<b>7.58</b>

### Note 26 : Other Expenses

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stores and Tools consumed (Refer Note No.27.3)	29.64	27.26
Power and Fuel (Refer Note No.26.1)	28.64	26.24
Trade Mark Fees	2.06	1.88
Repairs and Maintenance		
Plant and Equipment	12.72	13.58
Buildings	0.26	0.54
Others	2.13	2.24
Rent	1.43	1.24
Insurance	1.42	1.46
Rates and Taxes	1.61	2.10
Travelling and Conveyance	3.43	4.38
Printing & Stationery	0.48	0.63
Postage & Telecom Expenses	0.47	0.40
Professional and legal expenses	5.31	5.30
Information Systems	2.51	2.31
Selling and Distribution Expenses		

## Notes Forming Part of Financial Statements

Particulars	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Packing and Forwarding	7.44	6.43
Freight Outward	8.24	7.35
Advertisement and Sales Promotion	1.24	0.87
Commission	0.51	0.28
Expected Credit Loss allowance	3.68	-0.05
Directors' Sitting Fees	0.10	0.08
Audit Fees (Refer Note No.27.1)	0.18	0.20
Loss on Sale of Assets (Net)	-	-
Assets Written Off	0.12	0.74
Advances / Claims Written Off	0.21	0.00
Exchange Loss (Net) - Other than considered under Finance Costs	1.63	-
Bank Charges	0.87	0.69
Administrative Expenses	0.07	0.07
Miscellaneous Expenses	1.80	1.83
<b>Total</b>	<b>118.20</b>	<b>108.05</b>

26.1 Includes ₹ 1.08 crores (previous year ₹ 1.26 crores), paid towards certain operating lease arrangement with third party vendors.

### Note 27.1 Auditor's Remuneration\*

Particulars	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
a. as auditors - statutory audit	0.10	0.11
b. for taxation matters	0.02	0.03
c. for other services	0.06	0.06
<b>Total</b>	<b>0.18</b>	<b>0.20</b>

\*includes ₹ 0.01 crores paid to the previous auditors who have retired on 21.08.17

### Note 27.2 Raw Materials Consumed

Particulars	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Imported	62.75	39.62
<b>Imported % to total</b>	<b>39.13%</b>	<b>31.53%</b>
Indigenous	97.62	86.06
<b>Indigenous % to total</b>	<b>60.87%</b>	<b>68.47%</b>
Total	160.37	125.68
Total %	100.00%	100.00%

## Notes Forming Part of Financial Statements

### Note 27.3 Stores and Tools Consumed

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Imported	0.22	0.21
<b>Imported % to total</b>	<b>0.75%</b>	<b>0.78%</b>
Indigenous	29.42	27.05
<b>Indigenous % to total</b>	<b>99.25%</b>	<b>99.22%</b>
Total	29.64	27.26
Total %	100.00%	100.00%

### Note 27.4 CIF Value of Imports

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Raw materials	61.84	38.75
Components and spare parts	1.60	0.41
Capital goods	1.50	2.24

### Note 27.5 Expenditure in foreign currency

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Professional and consultation fees	1.00	1.23
Finance Cost	0.45	0.32
Marketing Service Fees	1.07	0.62
Job Charges/Segregation charges	2.02	1.54
Commission	0.03	0.16
Foreign Travel	0.00	0.42

### Note 27.6 Earnings in Foreign Currency

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Export of goods calculated on F.O.B. basis (including deemed exports)	124.91	100.88



## Notes Forming Part of Financial Statements

### Note 28 : Related Party Disclosures

#### List of related parties where control exists

Holding Company	: Rane Holdings Limited (RHL)
<b>Other related parties where transactions have taken place during the year</b>	
Fellow Subsidiaries	: Rane Madras Limited (RML) Rane Holding America Inc (RHAJ) Rane Holding Europe GmbH (RHEG)
Key Management Personnel	: Mr L Ganesh - Chairman and Managing Director Mr Harish Lakshman - Vice Chairman
Relatives of Key Management Personnel	: Mr L Lakshman
Joint ventures of Holding Company	: JMA Rane Marketing Limited (upto 14.11.2018)
Post employment benefit plan of the entity	: Rane Engine Valve Limited Employees Gratuity Fund Rane Engine Valve Limited Senior Executives Pension Fund

(₹ in crores)

Description	Holding Company		Fellow Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Post employment benefit plan		Total	
	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18
<b>Material transactions during the year</b>												
Sitting fee	-	-	-	-	0.01	0.01	0.02	0.02	-	-	0.03	0.03
Remuneration Paid	-	-	-	-	-	-	-	-	-	-	-	-
Trade Mark Fees Paid	2.06	1.88	-	-	-	-	-	-	-	-	2.06	1.88
Reimbursement of Expenses Cr/(Dr)												
- RHL	(0.04)	(0.02)	-	-	-	-	-	-	-	-	(0.04)	(0.02)
- RML	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Valve												
- RML	-	-	6.47	7.06	-	-	-	-	-	-	6.47	7.06
- JMA Rane Marketing	-	-	1.06	1.46	-	-	-	-	-	-	1.58	1.46
Services Received												
- RHL	4.26	4.04	-	-	-	-	-	-	-	-	4.26	4.04
- RHAJ	-	-	0.58	0.46	-	-	-	-	-	-	0.58	0.46
- RHEG	-	-	0.49	0.15	-	-	-	-	-	-	0.49	0.15
Contributions to Post employment benefit plan	-	-	-	-	-	-	-	-	1.46	1.07	1.46	1.07

# Notes Forming Part of Financial Statements

(₹ in crores)

Description	Holding Company		Fellow Subsidiaries		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Outstanding as at</b>						
<b>Amount Payable/(Advance) - Trade</b>						
- RHL	1.53	1.16	-	-	1.53	1.16
- RHAJ	-	-	0.01	0.00	0.01	0.00
- RHEG	-	-	(0.03)	(0.02)	(0.03)	(0.02)
<b>Amount Receivable - Trade</b>						
- RHL	-	-	-	-	-	-
- RML	-	-	0.88	0.49	0.88	0.49
- JMA Rane Marketing	-	-	-	0.42	-	0.42

## Note 29 : Employee Benefit Plans

### A. Defined contribution plans

The Company participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

#### (a) Provident fund and pension

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.

#### (b) Superannuation fund

The Company has a superannuation plan for the benefit of its employees. Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trusts are maintained for employees covered and entitled to benefits. The Company contributes up to 15% of the eligible employees' salary to the trust every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The total expense recognised in profit or loss of ₹ 3.76 crores (for the year ended March 31, 2018: ₹ 4.43 crores) represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

### B. Defined benefit plans

The defined benefit plans operated by the Company are as below:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of

## Notes Forming Part of Financial Statements

employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity funds established as trusts or insurance companies. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

The defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government/high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### C. Details of defined benefit obligation and plan assets Gratuity

#### (i) Movements in the present value of the defined benefit obligation are as follows (₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening defined benefit obligation	18.02	15.49
Current service cost	1.85	2.26
Interest Cost	1.41	1.13
Re-measurement (gains)/losses:		-
- Actuarial gains and losses arising from changes in demographic assumptions	(0.04)	(0.05)
- Actuarial gains and losses arising from changes in financial assumptions	-	-
Benefits paid	(0.75)	(0.81)
<b>Closing defined benefit obligation</b>	<b>20.49</b>	<b>18.02</b>

## Notes Forming Part of Financial Statements

### (ii) Movements in the fair value of the plan assets

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening fair value of plan assets	12.70	11.89
Interest income	1.00	0.89
Actuarial gain / (loss)	(0.20)	(0.04)
Contributions from the employer	1.24	0.77
Benefits Paid	(0.75)	(0.81)
<b>Closing fair value of plan assets</b>	<b>13.99</b>	<b>12.70</b>

### (iii) The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Present value of funded defined benefit obligation	20.49	18.02
Fair value of plan assets	(13.99)	(12.70)
<b>Funded status</b>	<b>6.50</b>	<b>5.32</b>
Restrictions on asset recognised	-	-
Others (describe)	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>6.50</b>	<b>5.32</b>

## Notes Forming Part of Financial Statements

**(iv) Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:**

Particulars	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Service Cost :		
Current service cost	1.85	2.26
Past service cost and (gain) / loss from settlements	-	-
Net Interest Expense	0.41	0.24
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>2.26</b>	<b>2.50</b>
Remeasurement on the net defined benefit liability :		
Actuarial gains / (losses) arising from changes in demographic assumptions	0.04	0.05
Actuarial gains / (losses) arising from changes in financial assumptions	(0.20)	(0.04)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.16)</b>	<b>0.01</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

**(v) Risk Exposure**

The Company has invested the plan assets with the insurer managed funds. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is based on the composition of plan assets held (through LIC), historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

**(vi) The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Assumptions	March 31,2019	March 31,2018
Discount rate	8.00%	7.50%
Expected rate of salary increases	4.5% - 7%	4.5% - 7%
Expected rate of attrition	5.00%	5.00%
Average age of members	42.54	41.60
Average remaining working life	15.46	16.40

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

## Notes Forming Part of Financial Statements

### Sensitivity Analysis

Change in assumption	March 31, 2019	March 31, 2018
A. Discount Rate + 50 BP	8.50%	8.00%
Defined Benefit Obligation [PVO]	(0.08)	(0.19)
Current Service Cost	(0.14)	(0.12)
B. Discount Rate - 50 BP	7.50%	7.00%
Defined Benefit Obligation [PVO]	0.08	0.18
Current Service Cost	0.13	0.12
C. Salary Escalation Rate +50 BP	5% - 7.5%	5% - 7.5%
Defined Benefit Obligation [PVO]	0.08	0.22
Current Service Cost	0.16	0.12
D. Salary Escalation Rate -50 BP	4% - 6.5%	4% - 6.5%
Defined Benefit Obligation [PVO]	(0.08)	(0.21)
Current Service Cost	(0.16)	(0.11)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

### Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 10.72 years (2018-11.9 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	(₹ in crores)	
	March 31, 2019	March 31, 2018
Year 1	0.77	0.80
Year 2	0.85	0.90
Year 3	0.90	1.03
Year 4	0.96	1.16
Year 5	1.02	1.32
Next 5 Years	5.08	6.03

### D. Other Long Term Employee Benefits - Leave Obligations

The leave obligations cover the Company's liability for earned leave.

The key assumptions used for the calculation of provision for long term compensated absences are as under:

Assumptions	March 31, 2019	March 31, 2018
Discount rate	8.00%	7.50%
Expected rate of salary increases	4.5% - 7%	4.5% - 7%
Expected rate of attrition	5.00%	5.00%
Average age of members	42.46	41.60
Average remaining working life	15.54	16.40



## Notes Forming Part of Financial Statements

### Note 30 : Segment Reporting

The Company is engaged in the activities related to manufacture and supply of auto components for transportation industry. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess its performance, the entire operations are to be classified as a single business segment, namely components for transportation industry. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India:

#### 30.1 Product wise break up - Please refer note no. 19.1

#### 30.2 Geographical Information

(₹ in crores)

Particulars	Revenue from operations from external customers		Non - current assets**	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
India	296.51	281.49	132.17	137.59
Rest of World (including deemed exports)	126.12	101.92	-	-
<b>Total</b>	<b>422.63</b>	<b>383.41</b>	<b>132.17</b>	<b>137.59</b>

\*\* Non- current assets are used in the operations of the Company to generate revenues both in India and outside India.

#### 30.3 Information about major customers

Revenue from sale of auto components to largest customers (greater than 10% of total sales) is ₹ 94.26 crores (previous year ₹ 84.58 crores)

### Note 31 : Income Taxes

(₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. The major components of income tax expense for the year are as under :</b>		
<b>i) Income tax recognised in the Statement of profit and loss</b>		
<b>Current tax:</b>		
In respect of current year	-	-
Adjustments in respect of prior years	-	(0.03)
<b>Deferred tax:</b>		
In respect of current year	(6.92)	(4.32)
Minimum Alternate Tax (MAT)	-	0.28
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>(6.92)</b>	<b>(4.07)</b>
<b>ii) Income tax expense recognised in OCI</b>		
<b>Deferred tax:</b>		
Deferred tax expense on remeasurement of defined benefit plans	(0.06)	0.00
<b>Income tax expense recognised in OCI</b>	<b>(0.06)</b>	<b>0.00</b>
<b>Total income tax expense /(gain) recognised in the Statement of Profit and Loss</b>	<b>(6.98)</b>	<b>(4.07)</b>

## Notes Forming Part of Financial Statements

The income tax expense for the year can be reconciled to the accounting profit as follows: (₹ in crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Profit/(Loss) before tax</b>	<b>(20.49)</b>	<b>(21.13)</b>
Income Tax expense calculated at 34.944%	<b>(7.16)</b>	<b>(7.31)</b>
Effect of Income Chargeable at Special Rates (Capital Gains) [Net]	-	3.11
Effect of expenses that are not deductible in determining taxable profit	(0.09)	0.38
Effect of previously unrecognized deductible temporary differences now recognized	0.29	(0.53)
Others	0.04	0.25
Adjustments recognized in the current year in relation to the current tax of prior years	-	0.03
<b>Income Tax expense/(gain) recognized in profit or loss</b>	<b>(6.92)</b>	<b>(4.07)</b>

The tax rates used for the 2018-19 and 2017-18 reconciliations above are the corporate tax rates of 34.944% and 34.608% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

### Note 32 : Financial Instruments

#### 32.1 Capital management

For the purpose of the Company's capital management, capital includes issued capital, other equity reserves attributable to the equity shareholders of the Company and debt. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure so as to maximize shareholder value and reduce the cost of capital. The Company determines the capital funding requirement based on its long term budgets, which are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

#### 32.2 Categories of financial instruments

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
(a) Mandatorily measured:		
- Equity investments	0.94	0.04
- Derivative instruments	-	-
<b>Measured at amortised cost</b>		
- Trade receivables	83.56	79.29
- Cash and cash equivalents	2.19	10.55
- Other bank balances	0.14	0.22
- Other financial assets (Current)	2.63	2.60
- Other financial assets (Non-Current)	4.71	4.50
<b>Financial liabilities</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
- Derivative instruments	0.27	0.04
<b>Measured at amortised cost</b>		
- Borrowings (Long-term)	34.89	33.25
- Borrowings (Short-term)	81.51	61.45
- Trade payables	58.17	49.91
- Other Financial liabilities	26.17	21.41

## Notes Forming Part of Financial Statements

Fair value hierarchy			(₹ in crores)
Particulars	As at March 31, 2019	As at March 31, 2018	Fair value Hierarchy
- Derivative instruments (Forward contracts)	(0.27)	(0.04)	Level-2
- Equity investments	0.94	0.04	Level-3

The Company carries equity investment in two companies which were made at the respective face values. As per the Share Subscription agreements entered into by the Company in respect of these investments, the shares shall be bought back at face value by the promoters of those companies upon termination of the agreement. Accordingly, the face value of these investments are regarded as the best estimate if its fair value. In view of the above, disclosure of the sensitivity of fair value measurement in unobservable inputs is not considered relevant.

In the opinion of the management, the carrying amounts of financial assets and financial liabilities recognised in the financial statements are a reasonable approximation of their fair values. Hence no separate disclosures of fair value has been made.

### 32.3 Financial risk management

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks through its Risk Management Committee. The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

#### 32.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk mainly comprises of interest rate risk, currency risk . Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables and derivative financial instruments. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

##### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates primarily relates to the companies outstanding floating rate debt. The Company has mainly INR denominated long term debt which are subject to annual interest rate reset. Based on the past experience the variability of interest on such INR denominated loans is not expected to be material. Further there are only short term foreign currency debt in the form of buyer's credit which are subject to minimal changes in interest rate during it's term.

##### (b) Foreign Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising

## Notes Forming Part of Financial Statements

derivative contracts. The risk management objective of the Company is to hedge risk of change in the foreign currency exchange rates associated with its direct & indirect transactions denominated in foreign currency. Since most of the transactions of the Company are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

The Company does not enter into a foreign exchange transaction for speculative purposes i.e. without any actual / anticipated underlying exposures.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows: (₹ in crores)

Currency	Liabilities as at		Assets as at	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
EURO	0.00	0.00	0.03	0.03
GBP	-	0.00	0.00	0.00
JPY	2.00	1.17	-	-
USD	0.20	0.27	0.30	0.21

### Foreign Currency sensitivity analysis

The below table demonstrates the sensitivity to a 5% increase or decrease in the relevant foreign currency against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in crores)

Particulars	Impact on profit or loss for the year		Impact on total equity as at the end of the reporting period	
	2018-2019	2017 - 2018	2018-2019	2017 - 2018
<b>Financial Assets</b>				
EURO	0.13	0.12	0.08	0.08
GBP	0.00	0.00	0.00	
JPY	-	-	-	-
USD	1.05	0.67	0.68	0.44
<b>Financial Liabilities</b>				
EURO	0.01	0.00	0.01	0.00
GBP	-	0.00	-	0.00
JPY	0.06	0.04	0.04	0.02
USD	0.68	0.87	0.44	0.57
<b>Total</b>	<b>0.43</b>	<b>(0.12)</b>	<b>0.27</b>	<b>(0.07)</b>

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

## Notes Forming Part of Financial Statements

### Forward foreign exchange contracts

It is the policy of the Company to enter into forward exchange contracts to cover specific foreign currency risk in accordance with the Board approved policy. The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

(₹ in crores)

Outstanding contracts	Average exchange rate		Foreign currency		Notional value		Fair value assets / (liabilities)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Cash flow hedges</b>								
<b>Buy USD</b>								
Less than 3 months	72.03	65.72	0.04	0.12	3.01	8.12	2.92	8.10
More than 3 months but upto 6 months	71.73	65.09	0.13	0.04	9.22	2.52	9.04	2.55
<b>Buy JPY</b>								
Less than 3 months	0.63	-	1.87	-	1.18	-	1.18	-
More than 3 months but upto 6 months		-		-	-	-		
<b>Outstanding contracts</b>	<b>Average exchange rate</b>		<b>Foreign currency</b>		<b>Notional value</b>		<b>Fair value assets / (liabilities)</b>	
<b>Cash flow hedges</b>								
<b>Sell USD</b>								
Less than 3 months	-	66.21	-	0.08	-	4.97	-	5.03
More than 3 months but upto 6 months	70.14	65.51	0.03	0.09	2.10	5.90	2.10	5.84
<b>Sell Euro</b>								
Less than 3 months	78.12	78.46	0.01	0.01	0.94	0.94	0.93	0.91
More than 3 months but upto 6 months	79.49	81.05	0.01	0.01	0.95	0.97	0.95	0.95

The line-item in the balance sheet that include the above hedging instruments is "Other financial liabilities".

## Notes Forming Part of Financial Statements

### 32.3.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognized financial institutions with high credit ratings assigned by the international credit rating agencies.

The Company's trade and other receivables consists of a large number of customers, across geographies, hence the Company is not exposed to concentration risk.

### 32.3.3 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars					(₹ in crores)
	Less than 1 year	1-5 years	More than 5 years	Total	Carrying Value
<b>March 31, 2019</b>					
Borrowings	81.51	34.89		<b>116.40</b>	116.40
Trade payables	58.17			<b>58.17</b>	58.17
Derivative Financial Liabilities	0.27			<b>0.27</b>	0.27
Other Financial Liabilities	26.17	-		<b>26.17</b>	26.17
<b>Total</b>	<b>166.12</b>	<b>34.89</b>	-	<b>201.01</b>	<b>201.01</b>
<b>March 31, 2018</b>					
Borrowings	61.45	33.25		<b>94.70</b>	94.70
Trade payables	49.91			<b>49.91</b>	49.91
Derivative Financial Liabilities	0.04			<b>0.04</b>	0.04
Other Financial Liabilities	21.41	-		<b>21.41</b>	21.41
<b>Total</b>	<b>132.81</b>	<b>33.25</b>	-	<b>166.06</b>	<b>166.06</b>



## Notes Forming Part of Financial Statements

### Note 33 : Earnings Per Share

Particulars	March 31, 2019	March 31, 2018
Profit after Tax (₹ in crores) (A)	(13.57)	(17.06)
Number of equity Shares of ₹ 10 each outstanding at the end of the year	67,18,992	67,18,992
Weighted Average number of Equity Shares for the purpose of basic earnings per share Number of equity shares of ₹ 10 each at the end of the year (B)	67,18,992	67,18,992
Earnings Per Share -Basic - in Rupees	(20.20)	(25.40)
Earnings Per Share Diluted - in Rupees	(20.20)	(25.40)

**Note 34 :** As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. However there is no applicability u/s.135 to make contribution.

**Note 35 :** There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March 2019.

**Note 36 :** Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹ 1.69 crores (Previous Year ₹ 1.49 crores)

**Note 37 :** Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows:

Particulars	(₹ in crores)	
	March 31, 2019	March 31, 2018
a) Principal amount due	0.73	0.70
Interest due on the above	0.00	0.00
b) Interest paid during the period beyond the appointed day	0.01	0.01
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	2.16	3.78
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	-	-
e) Amount of interest accrued and remaining unpaid at the end of the period	0.00	0.00
f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act.	-	-

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

## Notes Forming Part of Financial Statements

**Note 38 :** The previous year's figures have been re-grouped, reclassified wherever necessary so as to make them comparable with the current year's figures.

**Note 39 :** Figures in brackets in the Schedules and Notes pertain to previous year.

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
Firm Registration No. 004532S

**P R Prasanna Varma**  
Partner  
Membership No. 025854

Chennai  
May 21, 2019

**Harish Lakshman**  
Vice Chairman  
DIN : 00012602

**Kalidoss S**  
Company Secretary

**For and on behalf of the Board**

**L Ganesh**  
Chairman & Managing Director  
DIN : 00012583

**V K Vijayaraghavan**  
Chief Financial Officer

## Particulars of Directors, Key Managerial Personnel and Employees for the year 2018-19

### 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 2018-19 (₹ in crores)	% increase / (decrease) of remuneration FY 2018-19	Ratio of remuneration of each Director to median remuneration of employees
Mr. L Ganesh	Chairman & Managing Director		Not Applicable	
Mr. V K Vijayaraghavan	Chief Financial Officer	0.35	9.4%	Not Applicable
Mr. Kalidoss S	Company Secretary (Note iii)	0.20	13.7%	Not Applicable

Note:

- (i) None of the other Directors receive any remuneration from the Company except sitting fees for attending meeting of the Board / Committee(s) thereof.
  - (ii) Remuneration considered based on annual emoluments and designation as on date.
  - (iii) Remuneration of Secretary is part of the secretarial services availed by the Company from Rane Holdings Limited.
2. Median remuneration of the employees of the Company for FY 2018-19 is ₹ **0.04 crores**. Decrease in median remuneration during the year: **6%**
  3. Number of permanent employees on the rolls of the Company as on March 31, 2019 was **1012** as against **1049** as on March 31, 2018.
  4. Average percentile increase already made in salary of employees other than the managerial personnel in last financial year as against an percentile increase in managerial remuneration: Not applicable, since no managerial remuneration was paid during the year 2018-19.
  5. 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. Top ten employees in terms of remuneration drawn:

Name	Designation	Remuneration (₹ in crores)	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	Last employment held	Percentage of equity shares held by the employee in the company	Whether any such employee is a relative of any Director or Manager (if so, name of Director / Manager)
Mr. Murali K Rajagopalan	President	0.52	Permanent	BE, Executive Management program from IIM, A & Stephen M. Ross School of Business, Univ. of Michigan & 33 years	September 20, 2018	55	Adient India Pvt Ltd	-	-

Name	Designation	Remuneration (₹ in crores)	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	Last employment held	Percentage of equity shares held by the employee in the company	Whether any such employee is a relative of any Director or Manager (if so, name of Director / Manager)
Mr. Rajkumar S	Sr. Vice President – Operations	0.52	Permanent	M.Tech, Grad CWA, MBA, PhD & 28 years	June 09, 2016	51	NS Instruments India Pvt Ltd	-	-
Mr. V K Vijayaraghavan	Vice President – Finance & CFO	0.35	Permanent	B.Com, MBA, CA & Grad. CWA, 27 years	February 16, 2017	49	Auro Mira Energy Co. Pvt. Ltd.	-	-
Mr. Sridhar S	General Manager – Operations	0.33	Permanent	BE & 31.5 years	September 4, 2017	52	Lucas TVS Ltd.	-	-
Mr. Selvavinayaga Raja A	General Manager – Human Resources	0.30	Permanent	BBA, MLM & 24 years	May 23, 2012	45	Rane TRW Steering Systems Ltd	-	-
Mr. Nagarajan N	General Manager - Operations	0.29	Permanent	BE & 29 years	September 8, 2016	52	Sundram Fasteners Ltd	-	-
Mr. Pushparaj Ramesh S	Dy. Gen. Manager - Prog Mgmt	0.27	Permanent	BE, MBA & 21 years	June 01, 2016	47	Tenneco Automotive India Pvt Ltd	-	-
Mr. Giridhar Raj D*	General Manager - Marketing	0.30	Permanent	BE, MBA & 24 years	March 2, 2017	46	SKF India Ltd	-	-
Mr. Naraynan V	Deputy General Manager - Marketing	0.25	Permanent	BBA, DME & 23.9 years	December 12, 2013	50	Mahle Filter Systems (India) Ltd.	-	-
Mr. Krishnaraj R	Deputy General Manager – Mfg Engg	0.24	Permanent	B.Tech. & 25 Years	November 25, 2015	45	Emerson Process Management	-	-

\* Resigned from services dated November 30, 2018

- ii. Employed throughout the financial year with remuneration not less than ₹ 1.02 crores per annum (excluding details of top ten employee(s) given in (i) above): **NIL**
- iii. Employees whose remuneration was not less than ₹ 8.50 lakhs p.m (if employed part of the financial year, excluding details of top ten employee(s) given in (i) above) : **NIL**
- iv. Employees whose remuneration was in excess of that of MD / Whole time director / Manager and holding 2% of shares of the Company along with relatives (either employed throughout the financial year or part thereof): **NIL**

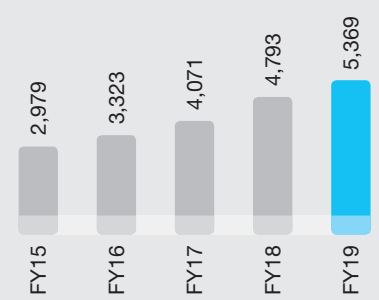
## Our Parentage

### RANE HOLDINGS LIMITED

Founded in 1929, Rane Holdings Limited (RHL), through its group companies is engaged in the manufacturing and marketing of automotive components for the transportation industry. Rane Group is a preferred supplier to major OEMs in India and abroad. The group's product portfolio includes Steering and Suspension systems, Friction materials, Valve train components, Occupant safety systems, Die Casting products and Connected mobility Solutions. It's products serve a variety of industry segments including Passenger Vehicles, Commercial Vehicles, Farm Tractors, Two-wheelers, Three-wheelers, Railways and Stationery Engines. The group has manufacturing presence across 25 locations in India and one in the USA.



### Total Income (₹ in Crore)



### Subsidiaries

#### Rane (Madras) Limited

- Rane (Madras) International Holdings, B.V., The Netherlands
  - Rane Precision Die Casting Inc., USA

#### Rane Brake Lining Limited

#### Rane Engine Valve Limited

#### Rane t4u Private Limited

#### Rane Holdings America Inc., USA

#### Rane Holdings Europe GmbH, Germany

### Joint ventures

#### Rane TRW Steering Systems Private Limited

#### Rane NSK Steering Systems Private Limited



**Rane Engine Valve Limited**

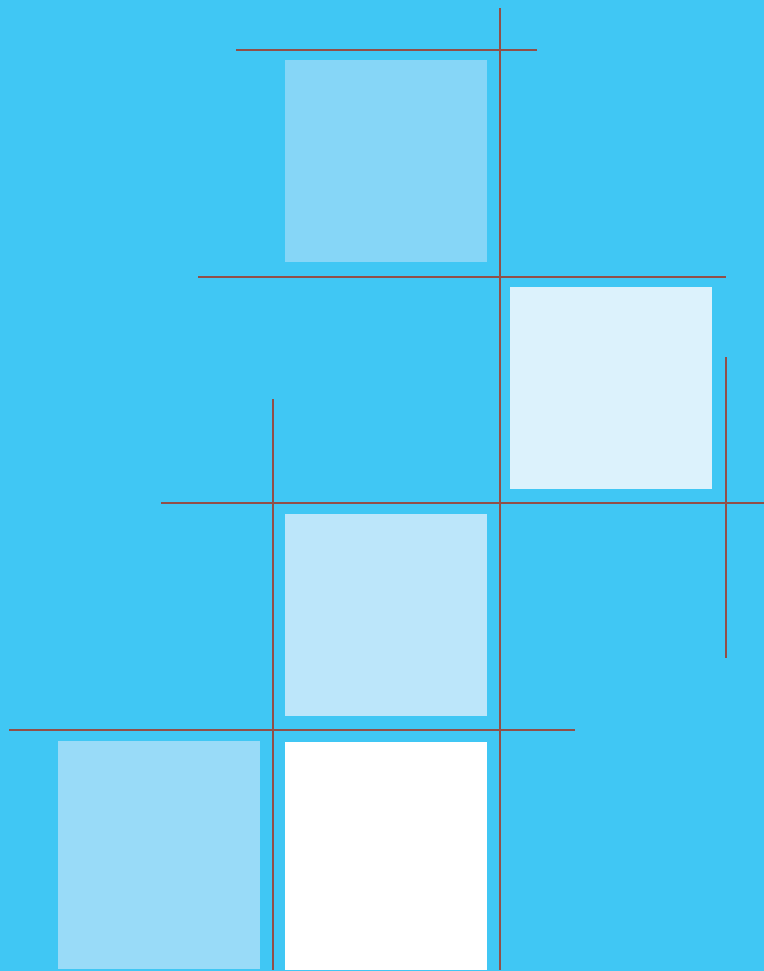
CIN : L74999TN1972PLC006127

"Maithri", 132, Cathedral Road,  
Chennai-600086, India

Phone: +91 44 28112472 / 73

Fax: +91 44 28112449

**[www.ranegroup.com](http://www.ranegroup.com)**







## Rane Engine Valve Limited

CIN: L74999TN1972PLC006127  
Registered Office: "Maithri", No. 132, Cathedral Road, Chennai - 600 086  
Phone: 044 28112472 / 73, Fax: 044 28112449,  
e-mail: investorservices@ranegroup.com, website: www.ranegroup.com

### Notice to Members

**NOTICE** is hereby given that the **Forty Seventh (47<sup>th</sup>) Annual General Meeting of Rane Engine Valve Limited** is scheduled to be held at **10:15 hrs on Monday, July 29, 2019 at The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai - 600 014**, to transact the following business:

#### ORDINARY BUSINESS:

- To consider and adopt the Audited Financial Statement of the Company for the year ended March 31, 2019, together with reports of the Board of Directors and the Auditor thereon**

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that the Audited Financial Statement of the Company for the year ended March 31, 2019, together with the reports of the Board of Directors and the Auditor thereon, as circulated to the members and presented to the meeting be and are hereby adopted."

- To appoint a Director in the place of Mr. Harish Lakshman (DIN:00012602), who retires by rotation and being eligible, offers himself for re-appointment**

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that Mr. Harish Lakshman (DIN:00012602), who retires by rotation under article 117 and 119 of the Articles of Association of the Company and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

#### SPECIAL BUSINESS:

- To ratify remuneration of Cost Auditor for FY 2018-19**

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit

and Auditors) Rules, 2014, the remuneration of ₹2,50,000/- (Rupees Two Lakh and Fifty Thousand Only) excluding applicable taxes, reimbursement of the travelling and other out of pocket expenses to M/s. Jayaram & Associates, Cost Accountants, represented by Mr. R Jayaraman (Membership No. 26103), who were appointed as the Cost Auditors of the Company by the Board of Directors, to conduct audit of the cost records of the Company for the financial year ended 2018-19, be and is hereby ratified and confirmed.

Resolved further that the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

(By order of the Board)  
For **Rane Engine Valve Limited**

Chennai  
May 21, 2019

**Kalidoss S**  
Secretary

**Registered Office:**  
**Rane Engine Valve Limited**  
"Maithri", No. 132, Cathedral Road,  
Chennai - 600 086  
CIN: L74999TN1972PLC006127  
www.ranegroup.com

## NOTES:

1. In terms of Section 102 of the Companies Act, 2013 and Secretarial Standard on General Meeting (SS-2), an explanatory statement setting out the material facts concerning business to be transacted at the AGM is annexed and forms part of this Notice.
2. **Any member entitled to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to attend and vote at the AGM instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the AGM.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
3. Corporate members intending to send their authorised representatives to attend the AGM shall send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the AGM.
4. The cut-off date for the purpose of determining eligibility of members for voting in connection with the Forty Seventh AGM is **July 22, 2019 (Monday)**.
5. Pursuant to the relevant provisions of the Companies Act, 2013, dividend, which remains unclaimed / unpaid for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such dividend are also liable to be transferred to the demat account of the IEPF Authority.
6. Physical copies of the notice of the Forty Seventh AGM along with the attendance slip and proxy form are being sent to all the members in addition to the electronic mode to all members whose e-mail addresses are registered with the Company / Depository Participant(s) (DP). Members are encouraged to receive communications from the Company in electronic form and are requested to register their e-mail address with their DP / Registrar and Transfer Agents (RTA).
7. Members may also note that the notice of the Forty Seventh AGM and the Annual Report 2019 will be available in the Investor section on the Company's website [www.ranegroup.com](http://www.ranegroup.com).
8. Listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the shareholders, in terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Accordingly, shareholders holding securities in demat mode are requested to update their bank details with their depository participants. Shareholders holding securities in physical form may send a request updating their bank details to the company's Registrar and Transfer Agent.
9. Members holding shares in dematerialized form are requested to notify any change in their addresses, Bank details or e-mail address with their respective DP and those holding shares in physical form are requested to notify the RTA at the following address:

**M/s. Integrated Registry Management Services Private Limited**  
SEBI Registration No. INR000000544  
2<sup>nd</sup> Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017  
e-mail ID: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)  
Phone: 044 2814 0801-803; Fax: 044 2814 2479
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective DP. Further, in terms of SEBI circular dated April 20, 2018, the Company has sent reminder letters to individual shareholders for updating the details of PAN and Bank account details of persons holding shares in physical form with the Company's RTA.
11. Effective April 1, 2019, SEBI has disallowed listed companies from accepting requests for transfer of securities held in physical form, by amending the SEBI LODR. Members need to convert shares held in physical form to demat for effecting any transfer. Only requests for transmission and transposition in physical mode will be received by the Company / RTA.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the RTA, for consolidation into a single folio. The share certificate(s) will be returned to the members after necessary endorsements.
13. Members holding shares in single name and physical form are advised to make nomination or change nomination in respect of their shareholding in the Company in the prescribed form to the RTA. The nomination form(s) can also be downloaded from the Company's website [www.ranegroup.com](http://www.ranegroup.com).
14. Members / Proxies should bring the attendance slip duly filled in for attending the AGM along with their copy of the Annual Report.
15. Information pursuant to regulations 26(4), 36(3) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) with respect of the Directors seeking appointment / re-appointment, as the case may be, at the AGM are furnished in the Annexure to this Notice.

The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.

16. All documents referred to this notice and explanatory statement are open for inspection at the registered office of the Company on all working days between 10:00 hrs (IST) and 17:00 hrs (IST) upto the date of the AGM.
17. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and SEBI LODR, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services.
  - i. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (**NSDL e-Voting System**).
  - ii. The facility for voting through polling paper shall be made available at the AGM for those members who have not cast their vote by 'remote e-voting'. The members who have cast their vote by 'remote e-voting' prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - iii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of 'remote e-voting' or voting at the AGM through poll.
  - iv. The 'remote e-voting' period commences on **July 26, 2019 (Friday) (09:00 hrs)** and ends on **July 28, 2019 (Sunday) (17:00 hrs)**. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **July 22, 2019 (Monday)**, may cast their vote by 'remote e-voting'. The 'remote e-voting' module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - v. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, i.e., **July 22, 2019 (Monday)**.
  - vi. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., July 22, 2019 (Monday), may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company / RTA.
  - vii. Mr. Balu Sridhar, Practicing Company Secretary (ICSI Membership no. FCS 5869), Partner, M/s. A.K. Jain & Associates, Company Secretaries,

has been appointed as the Scrutinizer to scrutinize the 'remote e-voting' process and voting at the AGM, in a fair and transparent manner.

- viii. The Chairman shall, at the end of discussion on the resolutions on which voting is to be held at the AGM, allow voting with the assistance of Scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the 'remote e-voting' facility.
- ix. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through 'remote e-voting' in the presence of at least two witnesses who are not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- x. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.ranegroup.com](http://www.ranegroup.com) and on the website of NSDL, immediately after the declaration of result by the Chairman or a person authorized by him in writing and be forwarded to the stock exchanges where the Company's shares are listed.

#### **INSTRUCTIONS FOR 'REMOTE E-VOTING'**

##### **A. To Log-in to NSDL e-Voting website**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for 'NSDL e-services', i.e., IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-Services after using your log-in credentials, click on e-Voting and you can proceed to cast your vote electronically.
4. Your User ID details are given below:

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

Members holding shares in physical form should enter Folio Number registered with the Company.

5. Your password details are given below:
    - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
    - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
    - c. To retrieve your 'initial password'
      - i. If your e-mail ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      - ii. If your e-mail ID is not registered, your 'initial password' is communicated to you on your postal address.
  6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a. Click on "Forgot User Details / Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number / folio number, your PAN, your name and registered address.
    - d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.
- B. To cast your vote electronically on NSDL e-Voting system**
1. After successful login, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
    2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
    3. Select "EVEN" of company for which you wish to cast your vote.
    4. Now you are ready for e-Voting as the Voting page opens.
    5. Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
    6. Upon confirmation, the message "Vote cast successfully" will be displayed.
    7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
    8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- C. General Guidelines for shareholders**
1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [evoting@akjainassociates.com](mailto:evoting@akjainassociates.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
  3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

(By order of the Board)

For **Rane Engine Valve Limited**

Chennai  
May 21, 2019

**Kalidoss S**  
Secretary

**Registered Office:**  
**Rane Engine Valve Limited**  
"Maithri", No. 132, Cathedral Road,  
Chennai - 600 086  
CIN: L74999TN1972PLC006127  
[www.ranegroup.com](http://www.ranegroup.com)

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

### ITEM NO. 3 - To ratify remuneration of Cost Auditor for FY 2018-19

In terms of the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the cost records of the Company. Based on the recommendation of the Audit Committee, the Board of Directors of the Company had approved the appointment of M/s. Jayaram & Associates, Cost Accountants, represented by Mr. R. Jayaraman (Membership No.26103) as the Cost Auditor of the Company for the financial year 2018-19 on a remuneration of ₹2,50,000/- per annum excluding applicable taxes, reimbursement of out of pocket expenses incurred, if any, in connection with the cost audit. The remuneration of the Cost Auditor is required to be ratified by the members in accordance to the provisions of the Act and Rule 14 of the Rules.

None of the Directors, Key Managerial Personnel (KMP) and their relatives is concerned or interested in the resolution. The Board of Directors recommend the **ordinary resolution** as set out at item no. 3 of this notice for your approval.

(By order of the Board)  
For **Rane Engine Valve Limited**

Chennai  
May 21, 2019

**Kalidoss S**  
Secretary

#### Registered Office:

#### Rane Engine Valve Limited

“Maithri”, No. 132, Cathedral Road,  
Chennai - 600 086  
CIN: L74999TN1972PLC006127  
www.ranegroup.com

#### Annexure to the Notice dated May 21, 2019

Information about Director(s) seeking appointment re-appointment vide resolution item no. 2 of the notice convening the Forty Seventh Annual General Meeting in compliance with Regulation 26(4), 36(3) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) as on May 21, 2019.

Name of the Director	Mr. Harish Lakshman
Father's Name	Mr. L Lakshman
Director Identification Number (DIN)	00012602
Age (in years)	45
Date of Birth	February 12, 1974
Educational Qualifications	B.E. – BITS Pilani, MSM - Purdue University, USA.
Experience	Mr. Harish Lakshman has over 24 years of industrial experience and has held various positions in the areas of Marketing, Operations and Business Development Overseas. He currently spearheads the future growth plan for Rane Group and acts as Vice-Chairman of the Company, Rane Holdings Limited and Rane (Madras) Limited.
Date of first appointment on the Board	July 23, 2008



<b>Terms and Conditions of appointment</b>	Re-appointed as a Non-Executive Director, liable to retire by rotation.
<b>Last drawn remuneration</b>	Sitting fee paid for FY 2018 -19 - ₹1,20,000/-
<b>Remuneration sought to be paid</b>	No approval is being sought for payment of remuneration. Eligible for sitting fee for attending meetings of the Board and Committees of which he is a member.
<b>Relationship with other Directors / Manager / KMP</b>	Son of Mr. L Lakshman.
<b>Other Directorships</b>	<p><b>Chairman</b></p> <p>1. Rane t4u Private Limited</p> <p><b>Vice Chairman</b></p> <p>1. Rane (Madras) Limited 2. Rane Holdings Limited</p> <p><b>Director</b></p> <p>1. Rane Brake Lining Limited 2. Oriental Hotels Limited 3. Rane TRW Steering Systems Private Limited 4. Rane NSK Steering Systems Private Limited 5. Young Presidents Organisation (Chennai Chapter) 6. Savithur Enterprises Private Limited 7. HL Hill Station Properties Private Limited 8. Rane Holdings America Inc., USA 9. Rane Precision Die Casting Inc., USA</p>
<b>Committee Memberships in other Boards</b>	<p><b>Chairman – Stakeholders’ Relationship</b> Rane Brake Lining Limited Rane Holdings Limited</p> <p><b>Member – Stakeholders’ Relationship</b> Rane (Madras) Limited</p> <p><b>Member - Nomination and Remuneration</b> Rane Holdings Limited</p>
<b>Number of meetings of the Board attended during the year</b>	Six (6)
<b>Number of equity shares held (including joint holding, if any)</b>	Hundred (100)

## ROUTE MAP TO AGM VENUE

