



# **Rane (Madras) Limited**

**10<sup>th</sup> ANNUAL REPORT 2014**

## Board of Directors

Mr. L GANESH - Chairman  
Mr. L LAKSHMAN  
Mr. HARISH LAKSHMAN  
Mr. M LAKSHMINARAYAN  
Dr. TRIDIBESH MUKHERJEE  
Ms. ANITA RAMACHANDRAN

## Audit Committee

Mr. M LAKSHMINARAYAN - Chairman  
Mr. L LAKSHMAN  
Dr. TRIDIBESH MUKHERJEE

## Stakeholders' Relationship Committee

Mr. L LAKSHMAN - Chairman  
Mr. HARISH LAKSHMAN  
Dr. TRIDIBESH MUKHERJEE

## Chief Executive Officer

Mr. S PARTHASARATHY

## Chief Financial Officer

Mr. P KRISHNAMOORTHY

## Secretary

Ms. S SUBHA SHREE

## Auditors

DELOITTE HASKINS & SELLS  
Chartered Accountants  
ASV Towers, 7th Floor, Old No.37, New No.52  
Venkatanarayana Road, T. Nagar, Chennai-600 017.

## Cost Auditors

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

## Listing of shares with

BSE Ltd., Mumbai  
National Stock Exchange of India Ltd., Mumbai

## Bankers

Canara Bank, Chennai-600 002.  
DBS Bank Limited, Chennai-600 002.  
HDFC Bank Limited, Chennai-600 002.  
Hongkong Shanghai Banking Corporation Limited,  
Chennai-600 002.  
IDBI Bank Limited, Chennai-600 015.  
Standard Chartered Bank, Chennai-600 001.  
YES Bank Limited, Chennai-600 002.

## Registered Office

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

## Plants

- 1 "GANAPATHY BUILDINGS"  
154, Velachery Road, Chennai - 600 042
- 2 79/84, Hootagally Industrial Area  
Mysore - 570 018
- 3 77, Thirubuvanai Main Road  
Thirubuvanai Village, Puducherry - 605 107
- 4 Ambakkam, Varanavasi Village  
Varanavasi Post, Kancheepuram - 631 604
- 5 Plot No.27, Sector 11, Integral Industrial Estate  
Pant Nagar, Utrakand - 263 153
- 6 143/A, SV Co-op Industrial Estate  
IDA Bollaram, Medak District - 502 325  
Andhra Pradesh

## Registrar & Transfer Agents

Integrated Enterprises (India) Ltd.,  
II Floor, 'Kences Towers',  
No.1, Ramakrishna Street, North Usman Road,  
T.Nagar, Chennai-600 017.  
Email : corpserv@integratedindia.in

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# Rane (Madras) Limited

## FINANCIAL HIGHLIGHTS

### KEY PERFORMANCE INDICATORS

FINANCIAL YEAR	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Return on Capital Employed (ROCE) (%)	12.88%	17.87%	24.72%	25.12%	18.85%	7.07%	2.40%	21.86%	21.76%	12.80%
Return on Equity (ROE) (%)	12.41%	19.11%	25.65%	27.14%	17.99%	0.50%	61.82%	32.94%	24.14%	12.48%
Earnings per share (Rs.)	15.35	23.04	26.95	24.18	13.59	0.36	35.86	13.08	8.02	5.40
Dividend (%)	55.00%	70.00%	95.00%	70.00%	45.00%	0.00%	60.00%	40.00%	30.00%	10.00%
Book value per share (Rs.)	133.41	127.97	113.20	96.99	81.12	69.94	72.11	44.37	36.96	33.47

### OPERATIONAL PERFORMANCE

Rs. Crores

FINANCIAL YEAR	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Total Income	727.51	641.36	673.11	585.46	420.68	353.16	350.82	332.98	280.51	198.65
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	58.81	56.35	60.43	44.42	33.18	18.55	11.55	28.94	26.30	16.41
Profit Before Tax (PBT)	19.68	30.06	37.17	30.83	20.04	1.20	46.74	18.39	15.78	8.26
Profit After Tax (PAT)	16.78	23.42	27.40	24.57	13.81	0.36	36.60	13.62	8.64	4.23

### BALANCE SHEET SUMMARY \*\*

Rs. Crores

Year ended 31st March	2013-14	2012-13	2011-12	2010-11
Equity Share Capital	10.51	10.16	10.16	10.16
Shareholders' Funds	148.45	130.07	115.06	98.58
Non current Liabilities	49.90	40.79	50.19	47.61
Current Liabilities	256.27	190.23	175.78	131.65
Non Current Assets	245.12	179.09	165.52	124.41
Current Assets	209.51	182.00	175.51	153.43

\*\* Pertains to revised Schedule VI applicable years only

## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the **Tenth Annual General Meeting of Rane (Madras) Ltd.** is scheduled to be held at **10.15 a.m. on Thursday, July 31, 2014, at The Music Academy (Mini Hall),** New No. 168, T.T.K Road, Royapettah, Chennai, 600 014, to transact the following businesses:-

### ORDINARY BUSINESS :

1. To receive, consider and adopt the directors' report, the audited financial statements of the Company for the year ended March 31, 2014 and the auditors' report thereon.

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

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

2. To declare dividend on equity shares

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

"Resolved that dividend of Rs.5.50 per equity share of Rs.10/- each on 1,05,10,649 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2014, absorbing an amount of Rs.6,76,33,136/- (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear in the Company's register of members as on July 31, 2014 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 25, 2014 as per the details furnished by the depositories for this purpose."

3. To appoint a director in the place of Mr. L Lakshman, who retires by rotation under article 113 and 115 of the articles of association of the Company and being eligible, offers himself for re-election.

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

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

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

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

"Resolved that M/s Deloitte Haskins and Sells, Chartered Accountants (Firm Registration No. 008072S with The Institute of Chartered Accountants of India), be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this tenth Annual General Meeting (AGM) until the conclusion of the thirteenth AGM of the Company (subject to ratification of their appointment at every AGM), on such remuneration as may be determined by the board of directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

### SPECIAL BUSINESS:

5. To appoint Dr. Tridibesh Mukherjee, director, as an independent director

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

"Resolved that pursuant to the provisions of sections 149, 150, 152, read with schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Tridibesh Mukherjee (DIN 00004777), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature

# Rane (Madras) Limited

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## NOTICE TO SHAREHOLDERS (cond.)

for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of this tenth Annual General Meeting (AGM) till the conclusion of the thirteenth AGM.”

6. To appoint Mr. M Lakshminarayan, director, as an independent director

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

“Resolved that pursuant to the provisions of sections 149, 150, 152, read with schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. M Lakshminarayan (DIN 00064750), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of this tenth Annual General Meeting (AGM) till the conclusion of the thirteenth AGM.”

7. To appoint Ms. Anita Ramachandran, director, as an independent director

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

“Resolved that pursuant to the provisions of sections 149, 150, 152, read with schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Anita Ramachandran (DIN 00118188), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of director,

be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of this tenth Annual General Meeting (AGM) till the conclusion of the thirteenth AGM.”

8. To approve the borrowing powers of the board

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

“Resolved that in supersession of the ordinary resolution adopted at the third Annual General Meeting held on July 23, 2007 and pursuant to section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the board of directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of Rs. 205 Crores (Rupees two hundred and five crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

(By order of the board)  
For **Rane (Madras) Limited**

Chennai  
May 22, 2014

S Subha Shree  
**Secretary**

**Registered Office:**

“Maithri”, 132, Cathedral Road  
Chennai 600 086  
CIN: L65993TN2004PLC052856  
www.rane.co.in

## NOTICE TO SHAREHOLDERS (cond.)

### NOTES:

1. 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.**

2. Corporate members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the AGM.
3. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the special business to be transacted at the AGM is annexed hereto.
4. The register of members of the Company will remain closed from **Saturday, July 26, 2014 to Thursday, July 31, 2014** (both days inclusive) for annual closing and determining the entitlement of shareholders to the dividend on the equity shares for the financial year 2013-14, if declared at the AGM.
5. Pursuant to the provisions of section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2007 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the central government. The Company has sent reminders to all those members whose dividend payments during the last seven years remaining unpaid as per Company's records. Members are requested to contact the Company's Registrars and Transfer Agents (RTA),

for payment in respect of the unclaimed dividend on or after the financial year 2006-07.

6. The notice of the tenth AGM along with the attendance slip and proxy form, is being sent by electronic mode to all members whose e-mail addresses are registered with the Company / Depository Participant(s) (DP) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

We encourage your participation and expect your support in this green initiative. To receive communications from the Company in electronic form, please register your e-mail address with your DP/ RTA.

7. Members may also note that the notice of the tenth AGM and the annual report 2014 will be available on the Company's website [www.rane.co.in](http://www.rane.co.in).
8. Members holding shares in physical form are requested to notify any change in their addresses, bank details or e-mail addresses to RTA immediately at the following address:

**M/s. Integrated Enterprises (India) Ltd.**

II Floor, "Kences Towers",  
No.1, Ramakrishna Street,  
North Usman Road, T.Nagar, Chennai 600 017.

Members holding shares in dematerialized form are requested to update the change in residential and e-mail address with their respective DP.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the RTA.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the RTA, for consolidation into a single folio.

# Rane (Madras) Limited

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## NOTICE TO SHAREHOLDERS (cond.)

11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website [www.rane.co.in](http://www.rane.co.in).
  12. Members / Proxies should bring the attendance slip duly filled in for attending the AGM.
  13. Relevant documents referred to in the accompanying notice and the explanatory statement pursuant to section 102 (1) of the Companies Act, 2013 will be available for inspection at the registered office of the Company during the business hours on all working days up to the date of AGM.
  14. Information pursuant to clause 49 of the listing agreement with the stock exchanges in respect of the directors seeking appointment / re-appointment at the AGM are furnished and forms a part of the notice. The directors have furnished the requisite consents / declarations for their appointment / re-appointment.
  15. In compliance with the provisions of section 108 of the Companies Act, 2013 and the rules framed thereunder, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Ltd. (NSDL), on all resolutions set forth in this notice. In the event of poll at the AGM, members who have exercised their right to vote through e-voting, shall not be eligible to vote again at the AGM.  
  
Members may note the following process and manner for e-voting:
    - i. The e-voting period commences on Friday, July 25, 2014 (9.00 a.m. IST) and ends on Sunday, July 27, 2014 (6.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date viz., Friday, June 27, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
    - ii. The voting rights of members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, Friday, June 27, 2014.
- iii. Mr. C Ramasubramaniam, Practicing Company Secretary (Membership no. FCS 6125) has been appointed as the scrutinizer to scrutinize the voting process in a fair and transparent manner.
  - iv. The scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the chairman of the Company.
  - v. The results declared along with the scrutinizer's report shall be placed on the Company's website [www.rane.co.in](http://www.rane.co.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the passing of the resolutions at the tenth AGM of the Company and communicated to the stock exchanges, where the shares of the Company are listed.
- vi. Instructions :**
- a. In case a member receives an e-mail from NSDL (for members whose e-mail addresses are registered with the Company/ Depositories):
    - i. Open the e-mail and also open PDF file viz; "RMLAGM2014.pdf" with your Client ID or Folio Number as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is the initial password.
    - ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
    - iii. Click on Shareholder – Login
    - iv. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
    - v. If you are logging in for the first time, please enter the user ID and password

## NOTICE TO SHAREHOLDERS (cond.)

- provided in the PDF file attached with the e-mail as initial password.
- vi. The password change menu will appear on your screen. Change to a new password of your choice with minimum of 8 digits or characters or combination thereof. Note your new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vii. Once the e-voting home page opens, click on e-Voting: Active Voting Cycles
  - viii. Select "EVEN" (E-Voting Event Number) of Rane (Madras) Ltd. Now you are ready for e-Voting as Cast Vote page opens.
  - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant board resolution/ authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through e-mail to [evoting.rane@gmail.com](mailto:evoting.rane@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - xiii. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of [www.e-voting.nsdl.com](http://www.e-voting.nsdl.com)
- b. In case of members' receiving physical copy of the notice of AGM and desires to cast e-vote:
    - i. Initial password is provided at the bottom of the attendance slip: EVEN (E-Voting Event Number), user ID and password.
    - ii. Please follow all steps from Sl. No. ii to Sl. No. xiii of (a) above, to cast vote

(By order of the board)  
For **Rane (Madras) Limited**

S Subha Shree  
**Secretary**

Chennai  
May 22, 2014

**Registered Office:**  
"Maithri", 132, Cathedral Road  
Chennai 600 086  
CIN: L65993TN2004PLC052856  
[www.rane.co.in](http://www.rane.co.in)



# Rane (Madras) Limited

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

### Resolution No.5

Dr. Tridibesh Mukherjee, has been a non-executive independent director of your company since January 18, 2010. Dr. Mukherjee obtained his first class degree in Metallurgical Engineering from Calcutta University in 1964. He completed his Master's Degree in 1965 and Ph.D in 1967 from University of Sheffield, U.K. His management education was at CEDEP and INSEAD in France and at Harvard in USA. In 2008, he was awarded an honorary Doctorate of Metallurgy, by the University of Sheffield, UK. Dr. Mukherjee initially worked with British Steel Corporation and later, in 1971, joined Tata Steel Ltd. where he occupied various key positions. He was Dy. Managing Director (Steel) of Tata Steel Ltd. and then after the takeover of Corus, Director (Integration and Technology) of Tata Steel Group.

Dr. Mukherjee was chairman of several reputed companies like Tata Metaliks Ltd., Jamipol, Metal Junction and Hooghly Met Coke and Power Ltd. He was also on the Board of Tata Chemicals Ltd., Tata Yodogawa, Tata Refractories, Timken etc.

Dr. Mukherjee was the Chairman of the Technology Committee of Brussels based International Iron and Steel Institute, now renamed World Steel Association, for a tenure of three years. He was a Visiting Lecturer to the post-graduate course on Ironmaking and Steelmaking Technology, at the University of Sheffield, UK in 1980 and in 1981.

The Institute of Materials, Minerals and Mining, UK awarded "Sir Henry Bessemer Gold Medal" to Dr. Mukherjee in 2008 for his contributions to Iron & Steel Industry. He is the second Indian to receive the prestigious award, the first one was Mr. J.R.D.Tata. He was elected a Fellow of the Royal Academy of Engineering, UK in 2008. Dr. Mukherjee is an expert in the field of Ferrous Metallurgy. The areas of interest of Dr. Mukherjee cover technology, innovation, bench marking, aspiration etc.

In view of his knowledge and rich experience, the board of directors considers that the continuance of Dr. Mukherjee would be beneficial to the Company. Dr. Mukherjee is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a Director. The Company has received a declaration from Dr. Mukherjee that he meets with the criteria of

independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and under clause 49 of the listing agreement with the stock exchanges. The Company has received notice in writing under section 160 of the Companies Act 2013, along with requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

In the opinion of the board, Dr. Mukherjee fulfills the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Dr. Mukherjee is independent of the management.

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

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

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

Information about Dr. Mukherjee, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

### Resolution No.6

Mr. M Lakshminarayan joined the board of your Company on July 21, 2008. Mr. M Lakshminarayan holds Masters Degree in Technology from the Indian Institute of Technology, Mumbai. He has several years of experience in distinguished companies such as Tata Motors and Bosch Ltd. (formerly MICO).

He has served as Chairman of Southern Region at Confederation of Indian Industry and has been an Executive Council Member of the Indian machine Tool Manufacturer's Association. He is the Chairman of the Advisory Board of Central Manufacturing Technology Institute, Bangalore. At present he is the Managing Director of Harman International India Pvt Ltd., a 100% subsidiary of the Audio giant Harman.

He has over 45 years of experience in the field of Science and Technology.

In view of his knowledge and rich experience, the board of directors considers that the continuance of Mr. M Lakshminarayan would be beneficial to the Company. Mr. M Lakshminarayan is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director. The Company has received a declaration from Mr. M Lakshminarayan that he meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and under clause 49 of the listing agreement with the stock exchanges. The Company has received notice in writing under section 160 of the Companies Act 2013, along with requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

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

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

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

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

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

Your directors commend the resolution for adoption.

## **Resolution No.7**

Ms. Anita Ramachandran joined the board of your Company on October 15, 2012. Ms. Anita Ramachandran is a well known Human Resource (HR) expert in the country and has over 35 years of experience as a management consultant.

Ms. Anita Ramachandran began her career in the Management Consultancy division of AF Ferguson & Co (AFF) in Mumbai in 1976. In her nineteen years stint

with AFF she worked in various parts of the country and was finally a director of the firm.

Ms. Anita Ramachandran founded Cerebrus Consultants in 1995 to focus on HR consulting including organisation transformation. Cerebrus currently has a national presence and a presence in South Asia. In addition, it does work in several other countries in Asia.

Ms Anita Ramachandran is a MBA (Finance) from the Jamnalal Bajaj Institute, Mumbai and has won several academic honours.

Ms Anita Ramachandran is an independent director on the board of several well known companies including Geometric Ltd. and Godrej & Boyce Mfg. Co. Ltd.

In view of her knowledge and rich experience, the board of directors considers that the continuance of Ms Anita Ramachandran would be beneficial to the Company. Ms Anita Ramachandran is not disqualified from being appointed as a Director in terms of section 164 of the Companies Act, 2013 and has given her consent to act as a director. The Company has received a declaration from Ms Anita Ramachandran that she meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and under clause 49 of the listing agreement with the stock exchanges.

The Company has received notice in writing under section 160 of the Companies Act 2013, along with requisite deposit amount from a member signifying the intention to propose her candidature to the office of director of the Company. In the opinion of the board, Ms Anita Ramachandran fulfils the conditions for her appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Ms Anita Ramachandran is independent of the management.

Copy of the draft letter for appointment of Ms Anita Ramachandran as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

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

Ms. Anita Ramachandran is interested in the resolution as it relates to her own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or

# Rane (Madras) Limited

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otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Ms. Anita Ramachandran, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

## **Resolution No. 8**

The shareholders of the Company at their third AGM held on July 23, 2007 approved by way of an ordinary resolution under then section 293(1)(d) of the Companies Act, 1956 borrowings which shall not be in excess of Rs.100 Crores.

Section 180(1)(c) of the Companies Act, 2013 which is effective from September 12, 2013 requires that the board of directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

Ministry of Corporate Affairs through the circular No. 04/2014 dated March 25, 2014 clarified that the resolution passed under section 293 of the Companies Act, 1956 prior to 12.09.2013, with reference to borrowings and / or creation of security on assets of

the Company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year (i.e. September 11, 2014) from the date of notification of section 180 of the Companies Act, 2013.

Therefore, it is proposed to seek approval of the members by way of special resolution under section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, to enable the board of directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of shareholders is being sought to borrow upto Rs. 205 crores over and above of the aggregate of the paid up share capital and free reserves of the Company.

(By order of the board)  
For **Rane (Madras) Limited**

Chennai  
May 22, 2014

S Subha Shree  
**Secretary**

**Registered Office:**  
"Maithri", 132, Cathedral Road  
Chennai 600 086  
CIN: L65993TN2004PLC052856  
[www.rane.co.in](http://www.rane.co.in)

**Information about director seeking re-appointment / appointment in this annual general meeting in respect of item Nos. 3, 5, 6 & 7 above (in accordance with Clause 49 IV of the Listing Agreement)**

<b>Name of the director</b>	<b>Mr. L Lakshman</b>	<b>Ms. Anita Ramachandran</b>	<b>Dr. Tridibesh Mukherjee</b>	<b>Mr. M Lakshminarayan</b>
<b>Father's Name</b>	Mr. L L Narayan	Mr. Ediyathumangalam Narayanan Ramadoss	Dr. Dinesh Chandra Mukherjee	Mr. Muthuswami Venkataram
<b>Date of birth</b>	July 17, 1946	April 28, 1955	October 13, 1942	September 7, 1946
<b>Educational Qualifications</b>	B.E., Executive MBA from London Business School	M.B.A (Finance) Jamanlal Bajaj Institute, Mumbai	FNAE, FR Eng. D.Met (Sheffield)	M. Tech
<b>Experience</b>	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Ms. Anita Ramachandran has over 35 years of experience as a management consultant.	Dr. Tridibesh Mukherjee has over 45 years of experience in the field of metallurgy engineering.	Mr. M Lakshminarayan has over 45 years of experience in the field of science and technology.
<b>Date of appointment</b>	March 31, 2004	October 15, 2012	January 18, 2010	July 21, 2008
<b>Other Directorships</b>	<b>Executive Chairman</b> Rane Holdings Ltd  <b>Director</b> 1. Rane Brake Lining Ltd 2. Rane Engine Valve Ltd 3. Rane TRW Steering Systems Ltd 4. Rane NSK Steering Systems Ltd 5. Kar Mobiles Ltd 6. JMA Rane Marketing Ltd 7. Force Motors Ltd 8. DCM Engineering Ltd 9. SRF Ltd	1. Geometric Ltd. 2. Godrej & Boyce Mfg. Co. Ltd. 3. Force Motors Ltd. 4. Cerebus Consultants Private Ltd. 5. Swadhaar FinServe Private Ltd.	1. TIL Limited 2. NICCO Corporation Limited 3. West Bengal Industrial Development Corporation Limited 4. Bharat Forge Limited 5. Tata Advance Materials Limited 6. IFB Industries Limited 7. Tractors India Private Ltd	<b>Chairman</b> WABCO India Ltd.  <b>Director</b> 1. Carborandum Universal Ltd. 2. Kirloskar Oil Engines India Ltd. 3. TVS Automobile Solutions Ltd. 4. Manipal Acunova Ltd. 5. Harman International (India) Private Ltd. 6. Janaadhar (India) Private Ltd. 7. Wholsum Foods Private Ltd.
<b>Committee Memberships</b>	<b>Chairman – Audit Committee</b> 1. Rane TRW Steering Systems Ltd. 2. Rane NSK Steering Systems Ltd.  <b>Member – Audit Committee</b> 1. Kar Mobiles Ltd. 2. Rane Engine Valve Ltd. 3. Rane (Madras) Ltd. 4. SRF Ltd. 5. DCM Engineering Ltd.  <b>Chairman – Stakeholders' Relationship Committee</b> Rane (Madras) Ltd.  <b>Member – Nomination and Remuneration Committee</b> 1. Rane (Madras) Ltd. 2. Rane Engine Valve Ltd.	<b>Chairman – Audit Committee</b> Swadhaar FinServe Private Ltd.  <b>Member – Audit Committee</b> 1. Geometric Ltd. 2. Godrej & Boyce Mfg. Co. Ltd.  <b>Chairperson – Nomination &amp; Remuneration Committee</b> 1. Geometric Ltd. 2. Godrej & Boyce Mfg. Co. Ltd.  <b>Member – Nomination &amp; Remuneration Committee</b> Rane (Madras) Ltd.  <b>Chairman – Nomination, Compensation and Governance Committee</b> Swadhaar FinServe Private Ltd.  <b>Member – Risk Committee</b> Swadhaar FinServe Private Ltd.	<b>Member – Audit Committee</b> 1. TIL Ltd. 2. Rane (Madras) Ltd. 3. Tractors India Private Ltd.  <b>Member – Stakeholders' Relationship Committee</b> Rane (Madras) Ltd.  <b>Member - Board of Governors</b> IIT, Patna	<b>Chairman – Audit Committee</b> Rane (Madras) Ltd.  <b>Member – Audit Committee</b> 1. Carborandum Universal Ltd. 2. TVS Automobile Solutions Ltd.  <b>Member – Nomination and Remuneration Committee</b> 1. Rane (Madras) Ltd. 2. Carborandum Universal Ltd. 3. Kirloskar Oil Engines India Ltd.
<b>Number of shares held</b>	Nil	Nil	Nil	Nil

(By order of the board)  
For **Rane (Madras) Limited**

Chennai  
May 22, 2014

S Subha Shree  
**Secretary**

**Registered Office:**  
"Maithri", 132, Cathedral Road, Chennai 600 086  
CIN: L65993TN2004PLC052856  
www.rane.co.in

## REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their tenth Annual Report together with the accounts for the year ended March 31, 2014. In terms of the clarification issued by the Ministry of Corporate Affairs (MCA) vide General Circular 08/ 2014 dated April 4, 2014 the financial statements and the directors report have been prepared in accordance with the disclosure requirements under the Companies Act, 1956 and the rules made thereunder.

### 1. Financial Performance

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

(Rs. crores)

Particulars	2013-14	2012-13
Sales and Operating Revenues	<b>726.60</b>	639.87
Other Income	<b>0.91</b>	1.49
Profit Before Tax (PBT)	<b>19.68</b>	30.06
Provision for tax :		
Current	<b>4.15</b>	6.05
Deferred	<b>2.90</b>	1.27
MAT Credit availed	<b>(4.15)</b>	(0.68)
Profit After Tax (PAT)	<b>16.78</b>	23.42
Surplus brought forward	<b>53.70</b>	40.93
Amount available for appropriation	<b>70.48</b>	64.35

The Company achieved a turnover of Rs.636.84 crores from its steering and linkage products showing a marginal increase of 1.4% over previous year. The company also achieved a turnover of Rs.72.91 crores from the die casting business which was acquired during the current financial year. The Company achieved a total turnover of Rs.709.75 crores, showing an overall growth of 13.6% over the previous year.

The Company also incurred an exceptional expenditure of Rs.9.43 crores towards separation benefits for its employees opting for a voluntary retirement scheme. After netting off the expenditure for the voluntary retirement scheme and the common costs towards the merger of die-casting business, the Company achieved a PBT of Rs.19.68 crores representing 2.7% of the turnover.

The PAT was Rs.16.78 crores as against Rs.23.42 crores in the previous year.

Earnings per share for the year 2013-14 was Rs.15.35 as against Rs.23.04 in the previous year.

### 2. Appropriation

Out of the profit available for appropriation of Rs.70.48 crores, the directors have recommended a dividend of 55%. The total Equity and Preference dividend amount inclusive of distribution tax and surcharge thereon would be Rs.7.41 crores. After transfer of Rs.1.68 crores to the general reserve, Rs.61.39 crores has been retained as surplus in the Profit and Loss Account.

### 3. Management Discussion & Analysis

Your Company is engaged in the manufacturing and marketing of components for transportation industry viz., steering and suspension systems, linkage products, steering gear products and aluminium alloy based high pressure die-casting products. A detailed analysis on the performance of the industry and the Company are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as Annexure 'A'.

### 4. Board of Directors

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

Dr.Tridibesh Mukherjee, Mr. M Lakshminarayan and Ms Anita Ramachandran, independent directors on the board, hold the office of director liable to retire by rotation, as per the resolution passed by the shareholders under Companies Act 1956. In terms of section 149 of the Companies Act 2013, the independent directors are not liable to retire by rotation and can hold office for a tenure of five years. The board has decided to re-appoint all the independent directors at the ensuing AGM as independent directors for a period of three years. All the independent directors have affirmed that they satisfy the criteria laid down under section 149 of the Companies Act, 2013 and clause 49 of the listing agreement.



## REPORT OF THE DIRECTORS (cond.)

Mr. P S Kumar, resigned from the Board with effect from March 21, 2014. The Board places on record its appreciation for the services rendered by Mr. P S Kumar during the tenure, as director of the company.

### 5. Associate Company – investment and amalgamation

During the year, the Company acquired 21.25% of the equity capital of Rane Diecast Limited (RDL), from its erstwhile promoters at a cost of Rs.5.74 crores. RDL was a fellow subsidiary of your Company. RDL was engaged in manufacturing of aluminium alloy based high pressure die-casting products. Consequent to this investment, RDL became an associate company of your Company, during the year.

In terms of the scheme of amalgamation sanctioned by the Hon'ble High Court of Madras on February 18, 2014, all the assets and liabilities of RDL have been transferred and vested with the Company effective April 1, 2013, being the appointed date for the scheme. Consequent to the amalgamation, the investment held by the Company in RDL was cancelled as per the scheme.

As per the scheme of amalgamation, the board of directors, on March 21, 2014, allotted shares in the Company to Rane Holdings Limited, the holding company of RDL, as follows : –

- a) 3,46,504 equity shares of Rs. 10/- each as fully paid-up in the ratio of one (1) equity share of Rs. 10/- each for every thirty (30) equity shares of Rs.10/- each held in RDL; and
- b) 82,32,164 fully paid-up 6.74% cumulative redeemable preference shares of Rs.10/- each against 60,00,000 fully paid-up 9.25% cumulative redeemable preference shares of Rs.10/- each, entirely held by Rane Holdings Limited in RDL.

### 6. Fixed Deposits

The outstanding fixed deposit amount as at the year ended March 31, 2014 was Rs.6.67 crores. All deposits that matured during the year were repaid / renewed except for a sum of Rs.0.04 crores for which claims are yet to be lodged with your Company. The board of directors of your

company has decided not to accept or renew the fixed deposits with effect from April 1, 2014.

### 7. Conservation of energy

During the year various initiatives were taken by the Company to reduce consumption of energy, viz.:

- Annual energy conservation projects like Motor capacity optimisation, power optimisation, elimination of idle run, etc. were undertaken at the plants.
- As a green initiative, initiatives like substituting electricity by State grid owned power; windmill power and DG generated power etc., were also undertaken.
- Initiatives to reduce power consumption by identifying and eliminating "MUDA" (wastage) by avoiding idle running of machines during loading and unloading.
- Migration from high power consumption equipments to lower power consuming equipment and refurbishing the existing ones.
- Controlled voltage in lightings of the plants and substituting power through solar powered lights inside the campus.

### 8. Research and Development activities

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

### 9. Foreign exchange earnings and outgo

The foreign exchange earnings during 2013-14 was Rs.153.18 crores against foreign exchange expenditure of Rs.52.18 crores. The Company continued to remain a substantial net foreign exchange earner with the foreign exchange earnings being three times higher than the expenditure.

### 10. Employees

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

## REPORT OF THE DIRECTORS (cond.)

### 11. Auditors

#### Statutory Auditors

The auditors, M/s Deloitte Haskins & Sells (DHS) hold office until the conclusion of the ensuing AGM.

DHS has been the statutory auditors of the Company for the last two financial years viz. 2012-13 and 2013-14. In terms of the transition provisions of section 139 of the Companies Act 2013, the board has proposed to appoint DHS as statutory auditors of the Company for a period of three years from the conclusion of the ensuing tenth AGM until the conclusion of the thirteenth AGM, subject to ratification by members at every AGM.

The Company has received letter from DHS consenting for the re-appointment and confirmation to the effect that their appointment, if made, would be within the limits and that they are free from any disqualification specified in section 141 of the Companies Act, 2013 and the rules made thereunder. DHS has submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India.

The notice of the ensuing AGM contains necessary resolution in this regard. Members may consider appointing DHS as statutory auditors of the Company as per the provisions of the Companies Act, 2013 till the conclusion of the thirteenth AGM.

#### Cost Auditors

As per the Cost Audit Order vide no. 52/26/CAB-2010 dated November 6, 2012, issued by the MCA under Section 233B of the Companies Act, 1956, the board had appointed M/s. Jayaram & Associates, Cost Accountants, Chennai to carry out the cost audit of the Company for the financial year 2012-13. The due date for filing the cost audit report for the financial year 2012-13 was September 30, 2013. This report was filed on September 3, 2013 in the XBRL format with the MCA.

Pursuant to section 148 of the Companies Act, 2013 and subject to notification of rules thereunder, the board of directors on the recommendation of the audit committee appointed M/s. Jayaram & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year 2014-15. M/s. Jayaram & Associates have confirmed that their

appointment is within the limits and they are free from any disqualifications as provided in section 141 of the Companies Act, 2013.

### 12. Directors' responsibility statement

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

- i. followed the applicable accounting standards in the preparation of the annual accounts for the financial year 2013-14 and there are no material departures;
- ii. selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities; and
- iv. prepared the accounts for the financial year on a 'going concern' basis.

### 13. Corporate Social Responsibility

The vision on Corporate Social Responsibility (CSR) is, **"To be a socially and environmentally responsive organization committed to improve quality of life within and outside"**. The CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and educational trust, in the social and environmental spectrum.

Some of the CSR initiatives undertaken by your Company were as follows:

- Contributed funds towards infrastructure facilities and operation of Polytechnic College at Trichy by Rane Foundation.
- Contributed to community development programs for elderly citizens and orphanages by sponsoring for their food, medical and providing clothing.

## REPORT OF THE DIRECTORS (cond.)

- Organized health & education camps including blood donation camps, polio camps and mid-day meals for school children
- Contributed to Uttaranchal flood relief fund.

Pursuant to the provisions of section 135 of the Companies Act, 2013 read with schedule VII to the Companies Act, 2013 and the rules notified thereunder, the board at its meeting held on March 21, 2014 constituted CSR committee comprising of Mr. L Lakshman, director, Mr. L Ganesh, chairman and Ms. Anita Ramachandran, an independent director.

The board at its meeting held on May 22, 2014 reviewed the CSR policy recommended by the CSR Committee and adopted the same in line with the provisions of section 135 and the rules made

thereunder. The CSR policy of the Company is being posted on the Company's website.

### 14. Corporate governance report

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

For and on behalf of the board

**L GANESH**  
Chairman

Chennai  
May 22, 2014

**HARISH LAKSHMAN**  
Director



# Rane (Madras) Limited

## Annexure A to Report of the Directors

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

The Company is a manufacturer of steering & suspension linkage products and steering gear products. The Company is a significant supplier to major manufacturers of passenger cars, utility vehicles and farm tractors across the globe. The Company operates predominantly in a single reportable segment viz., components for transportation industry.

#### Amalgamation of Rane Diecast Limited

Rane Diecast Limited, one of the Rane group companies, engaged in the manufacture of precision high pressure aluminum die-casting products for the automobile industry was merged with the Company during the year. The scheme of amalgamation was sanctioned by the Hon'ble Madras High Court on February 18, 2014. The merger is effective from the Appointed Date viz., April 1, 2013. This has helped your Company to synergistically create businesses for steering and linkages products and die-casting products. The merger has given the Company a new product line that has a potential to grow at a good pace, open up new customers to both the businesses and the financial strength to support two distinct areas catering to automotive space.

#### Industry structure, developments and performance

The negative market sentiments caused by inflation, lack of sufficient governmental initiatives and tighter liquidity continued to affect most vehicle segments. All vehicle segments witnessed a negative growth to the already low volumes of 2012-13, except Farm Tractor segment. Aided by the good monsoon, the farm tractor segment recorded a growth of 27% over 2012-13. However, due to adverse market growth in all other segments, the overall domestic market showed a negative growth.

#### Industry Growth

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

Vehicles	Volume Growth in % over previous year	
	2013-14	2012-13
Passenger Cars	-5	-4
Utility Vehicles	-1	52
Small Commercial Vehicles	-25	-17
Light Commercial Vehicles	-4	25
Medium & Heavy Commercial Vehicles	-21	-28
Farm Tractors	27	-1

Source: Society of Indian Automobile Manufacturers

#### Domestic Market

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

The Company, in spite of the domestic vehicle market declining, from its existing business of steering and linkages, registered net sales of Rs.538.24 crores compared to Rs.526.96 crores in the previous year.

The Company focused on aftermarket and increased its thrust and achieved a commendable growth in aftermarket. The Company took several conscious measures like identifying geographic areas to focus strengthening the company's presence through appointment of sub-dealers, improving product range and market promotional activities to reach out to mechanics. All these efforts has helped the Company to improve its strong brand presence further. This will also help the company to grow its aftermarket at a good pace in the future.

In addition, the newly acquired business of die casting products helped the company achieve overall sales of Rs.551.59 crores in the domestic market.

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

The break-up of the domestic sales by products is given below:

(Rs. in crores)

Products	2013-14	2012-13	Growth in %
Steering Gear Products	270.70	239.62	12.94%
Suspension and Linkage Products	267.54	287.34	-7.70%
Die Casting Products	13.35	-	-
<b>Total</b>	<b>551.59</b>	<b>526.96</b>	<b>4.03%</b>

The break-up of domestic sales between OEM and aftermarket is given below:

(Rs. in crores)

Market	2013-14	2012-13	Growth in %
OEM & OES	443.07	436.96	0.62%
Aftermarket	108.52	90.00	20.57%
<b>Total</b>	<b>551.59</b>	<b>526.96</b>	<b>4.03%</b>

### Exports

The Company continued its focus on export markets vigorously. Enhancing the customer base has been the focus area in the current year. In addition, several other measures like show casing our engineering capability to potential overseas customers, cost effective design and identification of new customers in new geographic areas were also undertaken. As a result of such focused efforts the company was able to win new programs, the sales of which will be realized in the next few years. The continued strengthening of US dollar has also helped the Company to achieve a growth of 5% in its existing export business for steering and linkage products. The Company is proud to cross a landmark sales of Rs.98.60 crores of exports from its existing businesses for the first time.

A major portion of die casting business comes from overseas customers. Exports is one of the focused market for this business. The die casting, consequent to the steady sales volume in the new programs they had started in the last year, has achieved a sales of Rs.59.56 crores.

As a result, your company achieved an overall sales of Rs.158.16 crores on exports, a commendable achievement considering export of products commenced modestly a decade ago.

The break-up of the export sales is given below:

(Rs. in crores)

Products	2013-14	2012-13	Growth in %
Suspension Linkage Products	41.46	39.35	7.50%
Steering Gear Products	57.14	57.96	1.63%
Die Casting Products	59.56	-	-
<b>Total</b>	<b>158.16</b>	<b>97.31</b>	<b>66.20%</b>

### Operational and Financial Performance

#### Financial Review

The Company achieved a turnover of Rs.636.84 crores from its steering and linkage products showing a marginal increase of 1.4% over previous year. The Company also achieved a turnover of Rs.72.91 crores from the die-casting business which was acquired during the current financial year. The Company achieved a total turnover of Rs. 709.75 crores, showing an overall growth of 13.6% over the previous year.

Though the market conditions were very difficult, the Company put stringent cost controls and cost reduction measures in place focusing on sustaining the profitability. The unavoidable cost increases caused by inflationary conditions and the initial costs towards the merger of die-casting business have impacted the profitability.

The Company also incurred an exceptional expenditure of Rs.9.43 crores towards separation benefits for its employees opting for a voluntary retirement scheme. After netting off the expenditure for the voluntary retirement scheme and the common costs towards the merger of die-casting business, the Company achieved a PBT of Rs.19.68 crores (2.71%).

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

The PAT was Rs16.78 crores as against Rs.23.42 crores in the previous year.

### Operations and manufacturing review

With the hope of good governance by a stable new government, the growth of Indian economy could be back on track with a growth rate of 7% – 8%. This could mean recovery and growth in automobile industry as well. If the infrastructure issues like power, road and ports are addressed and some flexibility in employment is enabled through labour reforms, exports could open up larger opportunities.

While the market has been unresponsive in terms of volume increases, the Company has always been committed in enhancing its capabilities to ensure a win-win situation in all its endeavours to satisfy customer requirements. In this regard, a need was identified to indigenize the manufacturing process for hydraulic products manufactured at Mysore plant. Cautious investment approach was adopted, wherein, establishment of in-house facility for critical parts was done this year. As a result the Company was able to increase the capacity in a phased manner in line with market demand.

There was also a need to enhance the volume output for Recirculating Ball joint (RCB) steering gear. While the Company is proactive in investing to enhance capacity, it also has been striving to maximize utilization of existing assets. As part of capacity enhancement measures, low cost automation drives and productivity improvement projects are undertaken. Such initiatives undertaken this year has resulted in enhancement of capacity by nearly 10% with minimum investment and no additional machine procurement.

In line with global requirements a second factory at Varanavasi has been commissioned with modern facilities. The manufacturing facilities have been significantly upgraded by implementing poka yokes [Fool proofing], to improve quality and various automation projects, including robotics to improve the productivity.

In addition, low cost automation drives and productivity improvement projects were undertaken. Lean Production System (LPS) implementation, productivity improvements, setup time reduction, ergonomics improvement, machine up-gradation and redistribution of spare capacity are some examples of the measures undertaken to improve utilization of existing capacity.

In die-casting division, a fully automated 850 tonne high pressure die casting machine was installed to improve the volume and productivity.

Cost reduction and cost control remained one of the prime focussed activities during the year.

- ❖ Supplier Value Added/Value Engineering (VAVE) initiative – This is part of regular supplier practice. In this drive, suppliers were facilitated with a workshop for enhancing their competency in VAVE initiatives. The Company helped its suppliers identify projects, handholding them during the implementation stage.
- ❖ Stores & spares cost – Implementation of tool monitoring system and innovative projects like alternate tool material, usage of multiple cutting edges to minimize consumption of tools were undertaken.
- ❖ Power cost – As a regular practice, the Company identifies and executes power cost savings projects to improve energy efficient machines across its plants. In addition, optimized utilization of power sources has been implemented to significantly reduce DG power utilization.

In the die-casting division, measures like enhancing usage of private power in place of DG set were undertaken to reduce the cost substantially.

### Pursuit of business excellence

After the Company was awarded the prestigious Deming Grand Prize (DGP) in the year 2012, key promises kept to be worthy of a DGP company were co-evolved with all the managerial staff of the Company. These promises are the guiding principles that will pave the way for future actions for sustenance and enhancement of business excellence.

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

The efforts of the Company were recognized through “Managerial Excellence Award” from Madras Management Association under “Manufacturing” category for excellence in managerial practices

The energized Total Quality Management (TQM) practices have brought in a strong customer focus across all functions of the Company. The priorities of the Company are set to sustain the strong TQM practices to live up to the stakeholder expectations and establish a similar strength in the newly acquired die-casting division.

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

- ❖ Best supplier award from Mahindra & Mahindra for best practices in ‘sustainability initiatives’
- ❖ Association Award from Escorts for consistent supplier performance and relationship over the years.
- ❖ Best Supplier 2013 from Mahindra Swaraj for the category ‘special support’.
- ❖ Apollo CV Award - Auto Component maker of the year in Commercial Vehicles segment from CV auto magazine for best business performance among auto component making industry.
- ❖ Received First Prize in 12th ABK-AOTS Competition for BEST TPM Practices for the year from Consul General of Japan.

### Outlook

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

The future of the automotive segment appears more challenging in the year 2014-15. The growth of all segments heavily depends on the political stability in the country. Considering this, the first quarter of 2014-15 will witness a low or a static demand in most vehicle segments. The Company’s focused efforts in the past

have helped it to establish as a strong player in Rack and Pinion Steering gear by winning new businesses from global customers. The Company is also taking further initiatives to gain entry into new customers. Towards this objective the Company is making investments and taking focused actions in establishing advanced manufacturing processes and core research capabilities.

The Company expects to grow reasonably through new businesses won in passenger car segment and hydraulics. Full year volume of new die casting business which commenced in the financial year 2013-14 will also help grow the sales and improve utilization. The Company’s investment was focused on capacity addition towards manufacturing of hydrostatic steering gears and cylinders with a new in-house production facility for hydraulic products at Mysore plant which is in the final stages. As part of long term strategy to maintain efficiency and costs, the products, along with the manufacturing facility are being progressively shifted from Velachery plant to the Varanavasi plant.

In the die-casting division, the Company proposes to enhance the capacity in casting and machining by establishing a new facility to meet the orders awarded from some of the major customers.

The following additional initiatives are being undertaken as a way forward:-

- ❖ Establishing stronger position in suspension ball joints.
- ❖ Expanding export business through current customers as well as adding new customers in different geographies.
- ❖ Enhancing the Company’s market share significantly in hydraulic products.
- ❖ Expanding scope and reach of the products in aftermarket segment.

### Opportunities & Threats

Hoping governance from the stable new government, the growth of Indian economy is expected to be back to on track at 7% – 8% levels. This could mean recovery and growth in automobile industry. If the

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

infrastructure issues like power, roads and ports are addressed and some flexibility in employment is enabled through labour reforms, exports could open up larger opportunities.

The Company's main areas of strength are:-

- ❖ A strong focus on customer requirements and the willingness to look beyond the stated needs of the customers.
- ❖ Ability to independently design and validate the products.
- ❖ A well-established TQM culture across all the functions and continuous strive towards being one of the best places to work.
- ❖ A network of trusted suppliers.

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

- ❖ Unceasing cost reduction demand from OEMs imposing pressure on operating margins.
- ❖ Volatility of commodity prices affecting the input costs structure.
- ❖ Dumping from neighbouring countries.
- ❖ Weak economic expansion in the developed countries.

### Internal Control Systems and Risk Management

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

The risks associated with each of the business processes and the sub-processes are reviewed periodically by the audit committee. The risks are broadly classified into strategic risks, operational risks, financial risks and statutory compliance risks. These risks are rated based on factors such as past year experience, probability of occurrence, probability of non-detection and its impact on business. Every quarter the top management reviews the strategic risks, the risks with high probability and high impact and presents its report to the board of directors together with the risk mitigation plan on half-yearly basis. The strategic risks are taken into consideration in the annual planning processes. Other risks are covered as part of internal audit process and presented to the audit committee every quarter. The risk ratings are revalidated with the management as part of the internal audit process every quarter. The overall re-assessment of risks at company level is carried out and presented to the board once every two years for their review.

### Human resource development and industrial relations

In the Company's journey towards profitable growth, business linked and solution focused learning is imperative. The Human Resource (HR) strategies are aimed at building leadership pipeline and meeting the future competency needs. We have introduced the High Potential Leadership Development (HPLD) initiative designed in a contextual framework focussing on core competencies. High performing individuals at Senior, Middle and Junior levels are identified and groomed to take on higher order challenges in the future. Such talent has a line of sight to the top management with specific and targeted growth measures such as career acceleration, larger and multi-dimensional roles, special projects and competitive compensation.

Competency development that contributes to business success was the theme for the Learning & Development space. Characteristic of this was the domain specific development initiative for marketing excellence, coupled with interactions with professionals

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

from diverse backgrounds through learning series at the Rane Institute for Employee Development (RIED).

White collar productivity continues to be a focus area. The Company is teaming-up with industry experts to enhance white-collar productivity by conducting detailed studies on work force analysis and developing a robust framework.

Focus on innovation to drive business growth and manage costs effectively will continue to be in the agenda. The efforts are directed at aligning aspirations, inspiring to take on orbit shifting challenges and partnering in healthy and profitable growth. The Company's pursuit of expanding horizons through

innovation led initiatives will propel it on the path of profitable growth.

As at the end of March 31, 2014, the total number of employees including the die-cast division stood at 1022 (steering and linkages division 879) against 1019 as on March 31, 2013.

### Cautionary Statement

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

# Rane (Madras) Limited

## Annexure B to Report of the Directors

### FORM B

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

### RESEARCH AND DEVELOPMENT (R & D)

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

- ❖ Electric Power Steering for farm tractors, commercial vehicles
- ❖ Tribology, alternate materials, light weighting, hydraulics
- ❖ Virtual simulation / Analysis capability augmentation

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

- ❖ Nomination for new generation passenger car steering business
- ❖ Potential export business for commercial vehicle steering linkage system

#### 3. Future plan of action

- ❖ Pursue in power/motor control/automotive electronics space
- ❖ Hydraulics control elements (actuators/valves) for off-row equipment/ material hauling equipment

### 4. Expenditure on R & D

Rs. Crores

Particulars	2013-14	2012-13
A Capital expenditure	2.79	2.55
B Recurring expenditure	5.60	4.05
C Total	8.39	6.60
D Total R & D expenses as a percentage of total turnover	1.2%	1%

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

#### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

- ❖ Conceptualizing variable ratio rack and pinion steering system
- ❖ Development of low torque, low lift ball joint for commercial vehicle application

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

- ❖ Potential for a cost effective park assist solution for A / B class passenger cars
- ❖ Likely to open opportunities for overseas commercial vehicle steering linkage business

#### 3. Particulars of imported technology (technology imported during the last 5 years reckoned from the beginning of the financial year)

Technology imported	Year of import	Has the technology been fully absorbed	Areas where technology not fully absorbed, reason and future plan of action
Design and development of prototypes of lower control arm.	2010	Yes	Not Applicable

For and on behalf of the Board

Chennai  
May 22, 2014

**HARISH LAKSHMAN**  
Director

**L GANESH**  
Chairman



# Rane (Madras) Limited

## Annexure C to Report of the Directors

Particulars as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, annexed to and forming part of the Directors' Report for the year ended March 31, 2014

Sl. No	Name	Age (years)	Designation / Nature of duties	Date of commencement of employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of last employment
1.	Mr. S. Parthasarathy	55	Chief Executive Officer / "Manager" under the Companies Act, 2013	05.04.2000	91,42,396	B.E., M.B.A. (OUBS)	32	General Manager- Marketing Rane TRW Steering Systems Limited

### Notes:

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

For and on behalf of the Board

**L GANESH**  
Chairman

Chennai  
May 22, 2014

**HARISH LAKSHMAN**  
Director



# Rane (Madras) Limited

## Annexure D to Report of the Directors

### CORPORATE GOVERNANCE

#### 1. Philosophy on Code of Governance

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

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

#### 2. Board of Directors

The board of the Company consists of Six non-executive directors. The composition of the independent directors (50%) is in conformity with

clause 49 of the listing agreement entered into with stock exchanges. None of the directors on the board, is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2014 have been made by the directors.

The board met six (6) times during the financial year on May 22, 2013, June 28, 2013, July 18, 2013, October 18, 2013, January 22, 2014 and March 21, 2014. The names and categories of the directors on the board, their attendance at board meetings and Annual General Meeting (AGM) held during the year and the number of directorships and committee chairmanships / memberships held by them are given below:

Name of the Director	Category	No. of Board meetings attended	Whether attended last AGM	Number of Directorship in other companies #		Number of Committees @	
				Chairman	Member	Chairman	Member
Mr. L Lakshman	Non-Executive & Promoter	6	Yes	1	9	3	5
Mr. L Ganesh	Non-Executive & Promoter	6	Yes	6	4	2	7
Mr. Harish Lakshman	Non-Executive & Promoter	6	Yes	-	7	2	1
Mr. P S Kumar <sup>1</sup>	Independent & Non-Executive	5	Yes	NA			
Mr. M Lakshminarayan	-do-	5	Yes	1	4	1	2
Dr. Tridibesh Mukherjee	-do-	6	Yes	-	6	-	4
Ms. Anita Ramachandran	-do-	4	Yes	-	3	-	2

NA – Not Applicable

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

@ - Membership in Audit Committee and stakeholders' relationship committee only is considered.

<sup>1</sup> - Ceased to be a director w.e.f March 21, 2014.

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

The information as required under Annexure IA to clause 49 of the listing agreement such as annual operating plans and budgets, quarterly results for the Company, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, etc. are placed before the board of directors.

The board and audit committee meeting annual calendars are circulated in advance to the directors, to facilitate them in attending the meetings. The directors are provided with detailed agenda for the meetings along with necessary annexures to effectively participate in discussions. The Company has a post board meeting review mechanism

## CORPORATE GOVERNANCE (cond.)

to monitor and follow up the effective execution of the decisions, directions or suggestions of the board and its committees, by the management.

### 3. Audit Committee

#### Overall purpose / objective

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

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

1. Discuss the scope of audit and post-audit area of concern, if any, with statutory auditors and internal auditors.
2. Recommending the appointment of statutory auditor and fixation of audit fee.
3. Review of quarterly / annual financial statements with statutory auditors and management before submission to the board.
4. Review of internal control systems with the management, statutory auditors and internal auditors.
5. Reviewing the adequacy of internal audit function.
6. Review of financial and risk management policies of the Company.
7. Reviewing defaults, if any, in payments to depositors, shareholders and creditors.
8. Reviewing the statement of significant Related party transactions submitted by the management
9. Reviewing the management letters/ letters of internal control weaknesses issued by the statutory auditors, if any.
10. Reviewing the internal audit reports relating to internal control weaknesses, if any.
11. Management discussion and analysis of financial condition and results of operation.

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

Name of the director	Designation / Category
Mr. M Lakshminarayan	Chairman - Independent Director
Mr. L Lakshman	Member - Non-Executive Director
Dr. Tridibesh Mukherjee	Member - Independent Director

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

Ms. S Subha Shree, secretary of the Company is the secretary to the committee.

The committee met five (5) times during the year on May 22, 2013, June 28, 2013, July 18, 2013, October 18, 2013 and January 22, 2014.

Name of the Director	No. of Meetings Attended
Mr. L Lakshman	5
Mr. P S Kumar*	4
Mr. M Lakshminarayan	5
Dr. Tridibesh Mukherjee	5

\* Ceased to be a director w.e.f March 21, 2014

The statutory auditors and the internal auditors were present as invitees in all the meetings. The President and the Vice President-finance of the Company attended the meetings by invitation. Based on the requirement, other directors attended the meetings by invitation.

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

The audit committee reviews all mandatory information under clause 49 of the listing agreement.

### 4. Remuneration to directors

During the year 2013-14, the Company has paid sitting fee of Rs.20,000 per meeting to the directors for attending each meeting of the board and audit committee and Rs.2,500 for attending the meeting of other committees of the board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. The board approved payment of sitting

# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

fees to Mr. L Ganesh for attending the meetings of the board or other committees of the board with effect from October 18, 2013. Mr. L Lakshman does not receive sitting fees for attending the meetings of the board or other committees of the board. The Company does not have any stock option scheme.

The details of sitting fees paid to the directors for the year ended March 31, 2014 are as follows:

Name of the director	Amount (Rs.)
Mr. L Ganesh	62,500
Mr. Harish Lakshman	1,32,500
Mr. P S Kumar *	1,87,500
Mr. M Lakshminarayan	2,00,000
Dr. Tridibesh Mukherjee	2,20,000
Ms. Anita Ramachandran	80,000

\* Ceased to be a director w.e.f March 21, 2014

Commission of Rs.19,99,518/- is payable for the year 2013-14 to Mr. L Ganesh, chairman, in accordance with the approval of shareholders vide special resolution passed at the AGM held on July 11, 2012.

Mr. Harish Lakshman holds 750 equity shares in the Company. None of the other directors holds any share in the Company.

Mr. S Parthasarathy, was appointed as 'Manager' under the Companies Act, 1956 with effect from April 1, 2012 for a period of three years. There is no severance fee payable to the Manager.

Nomination and Remuneration Committee, constituted as per Companies Act, 2013, rules made thereunder and clause 49 of the listing agreement, comprises the following directors as its members:

Mr. L Ganesh  
Mr. P S Kumar\*  
Ms. Anita Ramachandran  
Mr. M. Lakshminarayanan #

\* Ceased to be a director w.e.f March 21, 2014

# Co-opted as a member w.e.f. May 22, 2014

### 5. Code of Conduct

During the year, the Company has strengthened the code of conduct applicable for the board members

and senior management of the Company. The same has been posted on the website of the Company URL: <http://rane.co.in/pdf/policies/coc.pdf> The Board members and senior management Personnel have affirmed their compliance with the code of conduct. Declaration from the Chief Executive Officer to this effect forms part of this report.

The board of directors has also laid down a code of conduct for prevention of insider trading. The designated persons have disclosed their shareholding and their dependent relatives' shareholding, if any, in a prescribed form as laid down under the Rane Group's code of conduct for prevention of insider trading.

### 6. Stakeholders' Relationship Committee

A Stakeholders' Relationship Committee is constituted to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner. The composition of the Committee is as follows:

Mr. L Lakshman - Chairman  
Mr. Harish Lakshman  
Mr. P S Kumar \*  
Dr. Tridibesh Mukherjee#

\* Ceased to be a director w.e.f March 21, 2014

# Co-opted as a member w.e.f. May 22, 2014

Ms. S. Subha Shree, Secretary of the Company is the Secretary to the Committee and also acts as compliance officer of the Company. The Committee met two (2) times during the year on May 22, 2013 and January 22, 2014.

Name of the director	No. of meetings attended
Mr. L Lakshman	2
Mr. Harish Lakshman	2
Mr. P S Kumar*	2

\* Ceased to be a director w.e.f March 21, 2014

During the year, the Company has received one investor complaint and the same was disposed-off. The complaint pertained to non-receipt of dividend / credit of dividend information. No complaint was received from SEBI Complaints Redress System (SCORES) or Stock Exchanges or Ministry of Corporate Affairs during the year.

## CORPORATE GOVERNANCE (cond.)

### 7. General Body Meetings

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

Date of AGM	Special resolutions passed	Time	Venue
July 18, 2013 (9 <sup>th</sup> AGM)	No Special resolution was passed	10.15 a.m	The Music Academy (Mini Hall), New No.168, T.T.K Road, Royapettah, Chennai 600 014.
July 11, 2012 (8 <sup>th</sup> AGM)	1. Appointment of Mr. Parthasarathy as 'Manager' 2. Approval of payment of commission to Mr. L. Ganesh, Chairman	10.30 a.m	The Music Academy (Mini Hall), New No.168, T.T.K Road, Royapettah, Chennai 600 014.
July 19, 2011 (7 <sup>th</sup> AGM)	1. Re-appointment of Mr. Harish Lakshman as 'Manager' 2. Approving the appointment of Mr. Aditya Ganesh as Graduate Engineer Trainee, in terms of Section 314(1)(b) of Companies Act, 1956.	10.30 a.m.	Narada Gana Sabha (Main Hall), No.314, TTK Road, Royapettah, Chennai 600 018.

In connection with the scheme of amalgamation of Rane Diecast Ltd with the Company, the Company had conducted postal ballot / e-voting for seeking approval of the public shareholders (other than promoter and promoter group shareholders) of the Company, in terms of SEBI Circular CIR/CFD/DIL/8/2013 dated May 21, 2013. Mr. R Balasubramaniam, Practising Company Secretary acted as scrutinizer for conducting the postal ballot / e-voting process in a fair and transparent manner.

The results of the postal ballot / e-voting was declared by the Chairman on December 5, 2013 and the voting pattern is as follows:

Particulars	No. of Postal Ballot Forms / E-votes received	No. of shares	% to total votes cast
No. of valid Postal Ballot Forms / E-votes received	278	4,52,111	98.49
Votes in favour of the resolution	272	4,51,896	98.44
Votes against the resolution	6	215	0.05

The result of the postal ballot was published in Business Standard (English) and Dinamani (Tamil), hosted in the website [www.rane.co.in](http://www.rane.co.in) of the Company and displayed at the registered office of the Company.

### 8. Whistle blower mechanism:

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

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

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

### 9. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relative etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 27 of the financial statements have been reviewed by the audit committee.

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.

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

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

- maintaining an office for the chairman at the registered office of the Company.
- individual communication of half-yearly results to shareholders.

# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

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. A new system for updating the laws for compliance was introduced during the year. The master list 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.

### 9. Means of communication

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

## 10. General Shareholder Information

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

Name of the director	Mr. L Lakshman	Ms. Anita Ramachandran	Dr. Tridibesh Mukherjee	Mr. M Lakshminarayan
Father's Name	Mr. L L Narayan	Mr. Ediyathumangalam Narayanan Ramadoss	Dr. Dinesh Chandra Mukherjee	Mr. Muthuswami Venkataram
Date of birth	July 17, 1946	April 28, 1955	October 13, 1942	September 7, 1946
Educational Qualifications	B.E., Executive MBA from London Business School	M.B.A (Finance) Jamanlal Bajaj Institute, Mumbai	FNAE, FR Eng. D.Met (Sheffield)	M. Tech
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Ms. Anita Ramachandran has over 35 years of experience as a management consultant.	Dr. Tridibesh Mukherjee has over 45 years of experience in the field of metallurgy engineering.	Mr. M Lakshminarayan has over 45 years of experience in the field of science and technology.
Date of appointment	March 31, 2004	October 15, 2012	January 18, 2010	July 21, 2008
Other Directorships	<b>Executive Chairman</b> Rane Holdings Ltd  <b>Director</b> 1. Rane Brake Lining Ltd 2. Rane Engine Valve Ltd 3. Rane TRW Steering Systems Ltd 4. Rane NSK Steering Systems Ltd 5. Kar Mobiles Ltd 6. JMA Rane Marketing Ltd 7. Force Motors Ltd 8. DCM Engineering Ltd 9. SRF Ltd	1. Geometric Ltd. 2. Godrej & Boyce Mfg. Co. Ltd. 3. Force Motors Ltd. 4. Cerebus Consultants Private Ltd. 5. Swadhaar FinServe Private Ltd.	1. TIL Limited 2. NICCO Corporation Limited 3. West Bengal Industrial Development Corporation Limited 4. Bharat Forge Limited 5. Tata Advance Materials Limited 6. IFB Industries Limited 7. Tractors India Private Ltd	<b>Chairman</b> WABCO India Ltd.  <b>Director</b> 1. Carborandum Universal Ltd. 2. Kirloskar Oil Engines India Ltd. 3. TVS Automobile Solutions Ltd. 4. Manipal Acunova Ltd. 5. Harman International (India) Private Ltd. 6. Janaadhar (India) Private Ltd. 7. Wholsum Foods Private Ltd.

## CORPORATE GOVERNANCE (cond.)

<b>Committee Memberships</b>	<p><b>Chairman – Audit Committee</b> 1. Rane TRW Steering Systems Ltd. 2. Rane NSK Steering Systems Ltd.</p> <p><b>Member – Audit Committee</b> 1. Kar Mobiles Ltd. 2. Rane Engine Valve Ltd. 3. Rane (Madras) Ltd. 4. SRF Ltd. 5. DCM Engineering Ltd.</p> <p><b>Chairman – Stakeholders’ Relationship Committee</b> Rane (Madras) Ltd.</p> <p><b>Member – Nomination and Remuneration Committee</b> 1. Rane (Madras) Ltd. 2. Rane Engine Valve Ltd.</p>	<p><b>Chairman – Audit Committee</b> Swadhaar FinServe Private Ltd.</p> <p><b>Member – Audit Committee</b> 1. Geometric Ltd. 2. Godrej &amp; Boyce Mfg. Co. Ltd.</p> <p><b>Chairperson – Nomination &amp; Remuneration Committee</b> 1. Geometric Ltd. 2. Godrej &amp; Boyce Mfg. Co. Ltd.</p> <p><b>Member – Nomination &amp; Remuneration Committee</b> Rane (Madras) Ltd.</p> <p><b>Chairman – Nomination, Compensation and Governance Committee</b> Swadhaar FinServe Private Ltd.</p> <p><b>Member – Risk Committee</b> Swadhaar FinServe Private Ltd.</p>	<p><b>Member – Audit Committee</b> 1. TIL Ltd. 2. Rane (Madras) Ltd. 3. Tractors India Private Ltd.</p> <p><b>Member – Stakeholders’ Relationship Committee</b> Rane (Madras) Ltd.</p> <p><b>Member - Board of Governors</b> IIT, Patna</p>	<p><b>Chairman – Audit Committee</b> Rane (Madras) Ltd.</p> <p><b>Member – Audit Committee</b> 1. Carborandum Universal Ltd. 2. TVS Automobile Solutions Ltd.</p> <p><b>Member – Nomination and Remuneration Committee</b> 1. Rane (Madras) Ltd. 2. Carborandum Universal Ltd. 3. Kirloskar Oil Engines India Ltd.</p>
<b>Number of shares held</b>	Nil	Nil	Nil	Nil

### ii. Annual General Meeting

**July 31, 2014 at 10.15 a.m.**

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

### iii. Financial Year – 1<sup>st</sup> April to 31<sup>st</sup> March

Financial Calendar:

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2014	May 22, 2014
Un-audited results for the 1st quarter ending June 30, 2014	July 31, 2014
Un-audited results for the 2nd quarter ending September 30, 2014	October 27, 2014
Un-audited results for the 3rd quarter ending December 31, 2014	January 22, 2015
Annual Accounts for the year ending March 31, 2015	By fourth week of May 2015

### iv. Book Closure & Dividend:

The book closure period is from **July 26, 2014** (Saturday) to **July 31, 2014** (Thursday) (both days inclusive).

#### Dividend:

The Board of directors at its meeting held on May 22, 2014, has recommended a dividend of Rs.5.50 per equity share. The dividend, if declared by the shareholders, will be paid on August 8, 2014 to all those members whose name appear in the register of members as on July 31, 2014 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 25, 2014.



# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

### v. Listing on Stock Exchanges:

Stock Exchange	Stock Code
<b>National Stock Exchange of India Ltd. (NSE)</b> Exchange Plaza, 5th Floor, Plot No C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	RML
<b>BSE Ltd. (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532661

**Listing Fee:** Annual listing fees for the financial year 2014-15 have been paid to both the above stock exchanges.

The Company has submitted listing applications with NSE and BSE for the 346,504 equity shares of Rs.10/- each fully paid-up, allotted by the Company on March 21, 2014 pursuant to the scheme of amalgamation of Rane Diecast Ltd with the Company.

### vi. Unpaid / Unclaimed Dividends:

Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2008 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the Company had transferred to IEPF an unclaimed dividend amount of Rs.38,627 for the financial year ended March 31, 2006 , unclaimed interim dividend amount of Rs.44,330 and final dividend amount of Rs.48,618, for the financial year ended March 31, 2007. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividend due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per share# (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2014) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2007 *	20.03.2007	2.00	48,718.00	25.04.2014	24.05.2014
31.03.2008 *	17.03.2008	6.00	1,66,494.00	21.04.2015	21.05.2015
31.03.2009**	-	-	-	-	-
31.03.2010 *	18.01.2010	2.50	1,08,305.00	22.02.2017	23.03.2017
31.03.2010	19.07.2010	2.00	89,676.00	23.08.2017	22.09.2017
31.03.2011 *	21.01.2011	4.50	1,77,043.50	25.02.2018	26.03.2018
31.03.2011	19.07.2011	2.50	1,10,980.00	22.08.2018	20.09.2018
31.03.2012 *	27.01.2012	4.50	2,47,874.00	01.03.2019	30.03.2019
31.03.2012	11.07.2012	4.00	1,91,188.00	15.08.2019	13.09.2019
31.03.2013 *	23.01.2013	2.00	1,21,174.00	26.02.2020	26.03.2020
31.03.2013	18.07.2013	5.00	2,93,375.00	23.08.2020	22.09.2020

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

\* - Interim Dividend

\*\* - No dividend was declared during the year 2008-09

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on July 18, 2013 in accordance with the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012. The above details were also uploaded in the website of the Company viz. [www.rane.co.in](http://www.rane.co.in).

## CORPORATE GOVERNANCE (cond.)

### vii. Unclaimed Share Certificate

Under clause 5A (II) of the listing agreement entered with stock exchanges, the Company had sent three reminders to the shareholders for getting their confirmation on unclaimed shares.

Based on the response received from the shareholders, the Company had transferred 14,166 unclaimed shares pertaining to 76 shareholders in physical form into one folio in the name of "Rane (Madras) Limited Unclaimed Shares Suspense Account" and dematerialised the same. No shareholder had approached the company during the year and hence no share was transferred from the unclaimed shares suspense account of the company during the year. Hence, the entire unclaimed shares is lying in the suspense account as on March 31, 2014 i.e., 14,166 shares pertaining to 76 shareholders. The voting rights of these shareholders shall remain frozen till the rightful owner of such shares claims the same.

### viii. Green initiative

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

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

### ix. Share Price Data

The share price data (based on closing price) as quoted on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) during the last financial year viz. April 1, 2013 - March 31, 2014, is given below:

Month	BSE		BSE Sensex		NSE		NSE Nifty	
	Share Prices (Rs.)				Share Prices (Rs.)			
	High	Low	High	Low	High	Low	High	Low
April 2013	124.90	110.50	19,504.18	18,226.48	120.00	112.95	5,930.20	5,495.10
May 2013	137.00	113.55	20,286.12	19,575.64	132.10	116.40	6,187.30	5,944.00
June 2013	133.95	116.35	19,610.48	18,540.89	128.10	122.35	5,939.30	5,588.70
July 2013	132.00	106.25	20,302.13	19,177.76	126.00	109.00	6,077.80	5,742.00
August 2013	129.50	105.00	19,367.59	17,905.91	121.95	105.50	5,742.30	5,285.00
September 2013	119.00	107.10	20,646.64	18,234.66	120.00	110.00	6,115.55	5,341.45
October 2013	134.30	111.70	21,164.52	19,517.15	139.00	115.10	6,299.15	5,780.05
November 2013	142.00	124.00	21,239.36	20,194.40	139.00	126.05	6,317.35	5,989.60
December 2013	134.90	120.00	21,326.42	20,612.14	132.95	125.00	6,363.90	6,139.05
January 2014	137.00	122.00	21,373.66	20,498.25	135.00	124.90	6,345.65	6,073.70
February 2014	137.00	127.00	21,120.12	20,193.35	133.10	129.00	6,276.95	6,000.90
March 2014	207.70	129.35	22,386.27	20,946.65	202.45	131.45	6,704.20	6,221.45



# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

### x. Registrar and Transfer Agents

The contact details of the RTA are as follows:-  
**Integrated Enterprises (India) Ltd.,**  
 II Floor, 'Kences Towers',  
 No.1, Ramakrishna Street, North Usman Road,  
 T. Nagar, Chennai – 600 017.  
 Phone: 28140801-03, Fax: 28142479, 28143378.  
 e-mail: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in),  
 Name of the contact person:  
 Mr. K. Suresh Babu, Vice President.

### xi. Share transfer system

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

On a half-yearly basis the compliance with the share transfer formalities is audited by a Practising Company Secretary (PCS) in terms of clause 47(c) of the Listing Agreement with the stock exchanges and a certificate to this effect is filed with the stock exchanges. Also reconciliation of share capital audit

in terms of regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 is taken up on a quarterly basis and the report of the PCS is filed with the stock exchanges certifying that the total listed capital of the Company is in agreement with the total number of shares in physical and dematerialized form and that there is no difference between the issued and the listed capital of the Company.

### xii. Distribution of shareholding as on March 31, 2014

No. of shares held	Shareholders		Shares held	
	Number	% to total	Number	% to total
Up to 500	5,134	81.90%	5,94,541	5.66%
501-1000	445	7.10%	3,56,847	3.40%
1,001-2,000	287	4.58%	4,42,139	4.21%
2,001-5,000	247	3.94%	8,16,769	7.77%
5,001-10,000	91	1.45%	6,46,667	6.15%
10,001-20,000	35	0.56%	5,06,877	4.82%
20,001-50,000	24	0.38%	6,51,584	6.20%
50,001-1,00,000	3	0.05%	2,82,605	2.69%
1,00,001 & above	3	0.05%	62,12,620	59.11%
<b>Total</b>	<b>6,269</b>	<b>100.00</b>	<b>1,05,10,649</b>	<b>100.00</b>

### xiii. Pattern of shareholding as on March 31, 2014

Sl. No.	Category	As on March 31, 2014			As on March 31, 2013		
		No. of Shareholders	No. of Shares	% to total capital	No. of Shareholders	No. of Shares	% to total capital
A	Promoters	18	60,73,173	57.78	18	56,26,404	55.36
B	Banks	2	150	-	3	350	-
C	Private Corporate Bodies	145	6,42,313	6.11	160	4,49,319	4.42
D	Indian Public and others	6,042	37,40,409	35.59	6,379	40,14,446	39.50
E	Non-Resident Indians	62	54,604	0.52	69	73,626	0.72
	<b>Total</b>	<b>6,269</b>	<b>1,05,10,649</b>	<b>100.00</b>	<b>6,629</b>	<b>1,01,64,145</b>	<b>100.00</b>

### xiv. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depositories Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) for dematerialisation of the shares held by investors. The shares of the Company are compulsorily traded in dematerialized form. As of March 31, 2014, about 97.98% of the shareholdings have been dematerialized.

## CORPORATE GOVERNANCE (cond.)

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

Particulars	Number of shares		% to total capital	
	As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
Physical	2,12,373	2,84,634	2.02	2.80
Demat	1,02,98,276	98,79,511	97.98	97.20
<b>Total</b>	<b>1,05,10,649</b>	<b>1,01,64,145</b>	<b>100.00</b>	<b>100.00</b>

The shares, as at March 31, 2014, includes 3,46,504 equity shares allotted in dematerialized mode, by the Company on March 21, 2014 pursuant to scheme of amalgamation of Rane Diecast Ltd with Rane (Madras) Ltd sanctioned by the Hon'ble High Court of Madras under sections 391-394 of the Companies Act, 1956, vide order issued on March 6, 2014.

The Company has filed requisite Corporate Action form for crediting the shares to the allottee viz., Rane Holdings Ltd was submitted with NSDL on March 21, 2014. The listing approval of the stock exchanges is awaited. Crediting of shares to the allottee would be effected by NSDL upon receipt of the listing approval from BSE and NSE.

The equity shares held by the promoter & promoter group in the Company are entirely in dematerialized mode.

Demat ISIN Number: **INE 050H01012**

Corporate Identification Number (CIN) : **L65993TN2004PLC052856**

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

**xvi. Address for communication:**

Ms. S. Subha Shree  
Compliance Officer  
Rane (Madras) Limited  
Rane Corporate Centre,  
"Maithri" 132, Cathedral Road,  
Chennai 600 086.  
Phone: 28112472, Fax: 28112449  
E-mail: [investorservices@rane.co.in](mailto:investorservices@rane.co.in)

**OR**

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

# Rane (Madras) Limited

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
**Rane (Madras) Limited**

We have examined the compliance of conditions of Corporate Governance by Rane (Madras) Limited ("the Company") for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration Number : 008072S

**Geetha Suryanarayanan**  
Partner  
Membership Number : 29519

Place : Chennai  
Date : May 22, 2014

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To

The Members  
Rane (Madras) Limited

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

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

Chennai  
May 22, 2014

**S Parthasarathy**  
Chief Executive Officer

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANE (MADRAS) LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of RANE (MADRAS) LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:

# Rane (Madras) Limited

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- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
- e. On the basis of the written representations received from the directors as at March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 008072S)

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Chennai  
May 22, 2014

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses 4(xii), 4(xiii), 4(xiv), 4(xviii), 4(xix) and 4(xx) of paragraph 4 of the Order are not applicable to the company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the assets in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. In case of inventories lying with third parties, certificates confirming the inventory have been received in respect of a substantial portion of the stocks held during the year or at the year-end.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) (A) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has granted loan in the form of Interest Free Loans aggregating Rs. Nil crores to one party during the year. At the year end, the outstanding balance of such loan is Rs. 0.75 crores and the maximum amount involved during the year was Rs. 0.75 crores.
- (b) The other terms and conditions of such loan is, in our opinion, prima facie, not prejudicial to the interest of the Company.
- (c) The receipt of principal amounts has been regular/as per stipulations.
- (d) There were no overdue amounts at the year end, on this account.
- (B) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has taken loans aggregating Rs. 3.50 crores (excl. amount taken over pursuant to merger) from one party during the year. At the year-end, the outstanding balances of such loans taken aggregated Rs. 4.50 Crores (number of parties one) and the maximum amount involved during the year was Rs. 8.00 crores (number of parties one).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (c) The payments of principal amounts and interest in respect of such loans are regular/ as per stipulations.

# Rane (Madras) Limited

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## ANNEXURE TO AUDITORS' REPORT (Contd...)

- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction (excluding loans reported under paragraph (iv) above) is in excess of Rs. 5 lakhs in respect of any party, having regard to the explanations that some of the services availed are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 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.
- (x) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-Tax, Sales Tax, VAT, Service Tax, Customs Duty, Excise Duty, Wealth Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-Tax, Sales Tax, VAT, Service Tax, Customs Duty, Excise Duty, Wealth Tax, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) Details of Excise Duty, Service Tax and Income Tax which have not been deposited as at March 31, 2014 on account of disputes are given below:

## ANNEXURE TO AUDITORS' REPORT (Contd...)

Name of Statute	Nature of Dues	Amount Involved (Rs. in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Act, 1944	Excise Duty	0.88	Assessment Year 2007-08 to 2012 -13	Customs, Excise and Service Tax appellate tribunal
Central Excise Act, 1944	Service Tax	0.40	Assessment Year 2006-07 to 2010 -11	Customs, Excise and Service Tax appellate tribunal
Income Tax Act, 1961	Income Tax	0.31	Assessment Year 1996-97	Supreme Court
Income Tax Act, 1961	Income Tax	6.74	Assessment Year 2007-08	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	3.62	Assessment Year 2008-09	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	0.24	Assessment Year 2009-10	Commissioner of Income Tax

- (xi) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not obtained any loans from financial institutions and has not issued any debentures.
- (xiii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company as at March 31, 2014, we report that funds raised on short-term basis have, prima facie, not been used during the year for long term investment.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 008072S)

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Chennai  
May 22, 2014



# Rane (Madras) Limited

## BALANCE SHEET AS AT 31 MARCH 2014

	Note	As at 31 March 2014 Rs. Crores	As at 31 March 2013 Rs. Crores
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	2	18.74	10.16
Reserves and surplus	3	129.71	119.91
		148.45	130.07
<b>Non-current liabilities</b>			
Long-term borrowings	4	43.94	29.55
Deferred tax liabilities (Net)	5	0.82	6.67
Other Long term liabilities	6	0.10	0.33
Long-term provisions	7	5.04	4.24
		49.90	40.79
<b>Current liabilities</b>			
Short-term borrowings	8	91.68	59.90
Trade payables	9	110.71	99.70
Other current liabilities	10	43.88	22.31
Short-term provisions	11	10.00	8.32
		256.27	190.23
<b>TOTAL</b>		<b>454.62</b>	<b>361.09</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
Tangible assets		209.68	158.68
Intangible assets		8.90	0.37
Capital work-in-progress		5.13	5.79
		223.71	164.84
Long-term loans and advances	13	21.40	14.25
<b>Current assets</b>			
Inventories	14	79.88	65.38
Trade receivables	15	102.30	92.02
Cash and bank balances	16	3.06	10.35
Short-term loans and advances	17	19.14	12.18
Other current assets	18	5.13	2.07
		209.51	182.00
<b>TOTAL</b>		<b>454.62</b>	<b>361.09</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)

**L Ganesh**  
Chairman

**Harish Lakshman**  
Director

**S Parthasarathy**  
Chief Executive Officer

**Geetha Suryanarayanan**  
Partner  
(Membership No. 29519)

**P Krishnamoorthy**  
Chief Financial Officer

**S Subha Shree**  
Company Secretary

Place : Chennai  
Date : May 22, 2014

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

	Note	Year ended 31 March 2014 Rs. Crores	Year ended 31 March 2013 Rs. Crores
Revenue from operations (Gross)	19	793.45	703.15
Less: Excise Duty		66.85	63.28
Revenue from operations (Net)		726.60	639.87
Other Income	20	0.91	1.49
<b>Total Revenue</b>		<b>727.51</b>	<b>641.36</b>
Expenses :			
Cost of materials consumed	21	433.12	411.34
Changes in inventories of finished goods and work-in-progress	22	(3.11)	(8.69)
Employee benefit expenses	23	80.42	69.42
Finance costs	24	14.92	10.97
Depreciation and amortization expense	12	25.13	16.81
Other expenses	25	147.92	111.45
<b>Total expenses</b>		<b>698.40</b>	<b>611.30</b>
Profit before exceptional item and tax		29.11	30.06
Exceptional items - termination benefit under Voluntary Retirement Scheme	33	9.43	-
<b>Profit before tax</b>		<b>19.68</b>	<b>30.06</b>
Tax expenses :			
Current tax		4.15	6.05
Deferred tax charge/(credit)	5	2.90	1.27
MAT credit availed		(4.15)	(0.68)
		2.90	6.64
<b>Profit for the year</b>		<b>16.78</b>	<b>23.42</b>
Earnings per equity share (in Rupees)			
Equity shares of Rs.10 each	30		
Basic		15.35	23.04
Diluted		15.35	23.04

See accompanying Notes forming part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)

**L Ganesh**  
Chairman

**Harish Lakshman**  
Director

**S Parthasarathy**  
Chief Executive Officer

**Geetha Suryanarayanan**  
Partner  
(Membership No. 29519)

**P Krishnamoorthy**  
Chief Financial Officer

**S Subha Shree**  
Company Secretary

Place : Chennai  
Date : May 22, 2014

# Rane (Madras) Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

PARTICULARS		For the Year Ended 31 March 2014 Rs.Crores	For the Year Ended 31 March 2013 Rs.Crores
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit Before Tax	19.68	30.06
	<i>Adjustments for:</i>		
	Depreciation and Amortisation Expense	25.13	16.81
	Profit on sale of assets	(0.14)	(0.20)
	Finance Costs	14.92	10.97
	Interest Income on Bank Deposit	(0.38)	(0.22)
	Unrealised Exchange (Gain) / Loss	1.99	(0.46)
	<b>Operating Profit before Working Capital / Other Changes</b>	<b>61.20</b>	<b>56.96</b>
	<i>Adjustments for (increase)/decrease in operating assets:</i>		
	Inventories	(4.43)	(11.44)
	Long Term Loans and Advances	(1.80)	(0.26)
	Trade Receivables	(2.79)	19.09
	Short Term Loans and Advances	(1.45)	(2.93)
	Other Current Assets	(2.54)	(1.73)
	<i>Adjustments for increase/(decrease) in operating liabilities:</i>		
	Other Long Term Liabilities	(0.23)	(0.27)
	Long Term Provisions	0.75	(0.02)
	Trade Payables	4.94	15.29
	Other Current Liabilities	2.17	(0.43)
	Short Term Provisions	(5.72)	1.13
	<b>Cash Generated from Operations</b>	<b>50.10</b>	<b>75.39</b>
	Direct Taxes Paid (Net of Refund Received)	(4.11)	(5.02)
	<b>Net Cash Flow From Operations</b>	<b>45.99</b>	<b>70.37</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure	(43.93)	(30.85)
	Proceeds from Sale of Fixed Assets	0.31	0.61
	Interest Received on Bank Deposits	0.39	0.09
	Investment in Rane Diecast Limited	(5.74)	-
	Bank balances not considered as Cash & Cash Equivalents	2.11	(0.73)
	<b>Net Cash Flow Used in Investing Activities</b>	<b>(46.86)</b>	<b>(30.88)</b>

	For the Year Ended 31 March 2014 Rs.Crores	For the Year Ended 31 March 2013 Rs.Crores
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-Term Borrowings	26.20	-
Repayment of Long-Term Borrowings	(23.73)	(9.87)
Proceeds from other Short-Term Borrowings	12.19	2.75
Repayment of other Short-Term Borrowings	-	-
Proceeds from Fixed Deposits	2.10	-
Repayment of Fixed Deposits	(1.54)	(4.62)
Issue of equity & preference shares	-	-
Finance Costs	(15.55)	(11.41)
Dividend Paid	(5.08)	(7.11)
Tax on Dividend	(0.86)	(1.19)
<b>Net Cash Flow Used in Financing Activities</b>	<b>(6.27)</b>	<b>(31.45)</b>
<b>Net Increase in Cash and Cash Equivalents (A) + (B) + (C)</b>	<b>(7.14)</b>	<b>8.04</b>
Cash and Cash Equivalents at the Beginning of the Year	9.02	0.98
Cash and Cash Equivalents at the End of the Year (Refer Note 16)	1.88	9.02
	<b>(7.14)</b>	<b>8.04</b>

**Note: Disclosure of Non cash transactions**

Particulars	2013-14
Relating to scheme of arrangement (Merger) - Refer Note 26	
-Cancellation of Company's investment in Rane Diecast Limited	5.74
-Allotment of equity and preference shares to shareholders	8.58
-Fixed assets	30.89
-Other assets	35.66
-Loan funds	38.69
-Other liabilities	23.70

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)

**L Ganesh**  
Chairman

**Harish Lakshman**  
Director

**S Parthasarathy**  
Chief Executive Officer

**Geetha Suryanarayanan**  
Partner  
(Membership No. 29519)

**P Krishnamoorthy**  
Chief Financial Officer

**S Subha Shree**  
Company Secretary

Place : Chennai  
Date : May 22, 2014

# Rane (Madras) Limited

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## Notes forming part of the Financial Statements

### Note : 1

#### Significant accounting policies

##### 1.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared under historical cost convention in accordance with the Generally accepted Accounting Principles in India to comply with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (" the 2013 Act") in terms of General circular 15/2013 dated 13th September 2013 of the Ministry of 'Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act, as applicable and Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' as set out in Note 1.21 below.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the normal time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of its assets and liabilities as current and non-current.

##### 1.2 Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India requires the Management to make estimates and assumptions that affects the reported amounts of assets and liabilities as of the Balance Sheet date, the reported amount of revenue and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as on the date of the financial statements. Actual results could differ from these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known / materialised.

##### 1.3 Inventories

Inventories are stated at lower of cost or net realisable value. Cost is determined on moving weighted average basis and includes expenditure incurred in the normal course of business in bringing the inventories to its location and condition, labour and overheads, wherever applicable. Inventories are written down for obsolete/slow moving/non-moving items wherever necessary.

##### 1.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

##### 1.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

##### 1.6 Depreciation and Amortisation

Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance except the following categories of assets which are depreciated over their estimated useful lives indicated below:

Assets	Useful life (years)
Vehicles	5
Furniture and Fixtures	5
Office Equipments (other than computers)	3
Computers	4
Capital tooling	3-5

Cost of Leasehold land is amortised over the period of the lease. Leasehold land development costs are amortised over a period of ten years. Assets individually costing Rs.10,000 or less are fully depreciated in the year of addition.

License fees paid for technical assistance are amortised on a straight line basis over the period of the license. Software license fees are amortised on a straight line basis over a period of three years.

**Notes forming part of the Financial Statements****1.7 Revenue recognition**

Revenue from sales is recognised on transfer of significant risks and rewards of ownership to customers based on the contract with the customers for delivery. Sales include excise duty but are net of sales returns and trade discounts and exclude sales tax / value added tax.

**1.8 Other Income**

Interest income are recognised on accrual basis.

**1.9 Fixed Assets (Tangible / Intangible)**

Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation/amortization, impairment loss, if any, and inclusive of borrowing cost attributable to acquisition of qualifying fixed assets, where applicable, and adjustments for exchange differences referred to in Note 1.10 below. Cost includes inward freight, non-refundable duties/taxes and incidental expenses directly related to acquisition/installation. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Advance paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as capital advances under long term loans and advances.

**1.10 Foreign currency transactions and translations**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Foreign currency monetary items as at the Balance Sheet date, are restated at the closing exchange rates. Exchange differences arising on actual payments / realisations and year-end restatements of foreign currency monetary items, excluding long term foreign currency monetary items (see below), are dealt with in the Statement of Profit and Loss.

Exchange differences arising on reporting of long term foreign currency monetary items (as defined in the Accounting Standard - 11 notified by the Government of India) relating to the acquisition of depreciable capital assets are added to / deducted from the cost of the asset and in other cases are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the Company's Balance Sheet and amortised over the balance period of such long term asset / liability by recognition as income or expense in each of such periods.

Premium or discount on forward exchange contracts (i.e. the difference between the forward exchange rate and the exchange rate at the date of transaction) is accounted for as income/expense over the life of the contract if such contracts relate to monetary items as at the Balance Sheet date. Profit or Loss on cancellation of forward contracts are recognized as income/expense in the Statement of Profit and Loss for the year in which they are cancelled.

**1.11 Export incentives**

Export benefits are accounted for in the year of exports based on eligibility and there is no uncertainty in receiving the same.

**1.12 Employee benefits****a. Short term benefits**

Short term Employee Benefits (i.e.. benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

# Rane (Madras) Limited

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## Notes forming part of the Financial Statements

### b. Post-employment benefits

Post-employment benefits comprise of Provident Fund, Superannuation Fund and Gratuity which are accounted for as follows:

#### i) Provident Fund

This is a defined contribution plan and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

#### ii) Superannuation Fund

This is a defined contribution plan. The Company contributes, based on the options exercised by the eligible employees, a sum equivalent to 5%/10%/15% of eligible employees' applicable salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

#### iii) Gratuity

This is a defined benefit plan. The Company's scheme is administered by the LIC. The liability is determined based on year-end actuarial valuation using projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### c. Other Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### d. Termination benefits

Termination benefits represent compensation towards Voluntary Retirement Scheme which is expensed as incurred. Termination benefits falling due for more than twelve months after the Balance Sheet date are accounted using appropriate discount rates.

### 1.13 Borrowing costs

The 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.

Discount on commercial papers (the difference between the issue price and the redemption value) is apportioned on time basis and recognised as discounting expense.

### 1.14 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

### 1.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.



**Notes forming part of the Financial Statements****1.16 Taxes on income**

Current tax is provided as the amount of tax payable in respect of taxable income for the year, measured using the applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised only if there is a virtual/reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

**1.17 Research and development expenses**

Revenue expenditure on Research and Development is charged off in the year in which it is incurred. Capital expenditure on Research and Development is included under Fixed Assets.

**1.18 Impairment of assets**

The carrying amounts of fixed assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of the Company (being a single cash generating unit) exceeds the recoverable amount (i.e. higher of net selling price and value in use). In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over their remaining useful lives.

**1.19 Provisions and contingencies**

Provisions are recognised when the Company has a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions (excluding Employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**1.20 Provision for warranty**

Product warranty provisions cover the estimated liability to repair or replace products still under warranty on the Balance Sheet date and is determined by applying historical experience levels of repairs and replacements developed by using the percentage (of aggregate warranty claims on aggregate eligible sales of past three years) applied on aggregate of current year and previous year's eligible sales. Product warranty liability is generally extended for a period of one to two years from the date of sale.

**1.21 Derivative contracts [other than forward exchange contracts covered under AS 11 (refer Note 1.10 above)]**

The Company uses derivative financial instruments such as foreign exchange forward contracts, option contracts, currency and interest rate swaps to hedge its exposure in movements in foreign exchange rates and interest rates relating to underlying transaction. These forward, option, currency and interest rate swap contracts are not used for trading/speculation purposes.

The Company adopted in an earlier year Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing mandatory applicable Accounting Standards and other relevant regulatory requirements.

In the case of forward and option contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in reserves (under the "Hedging Reserve Account", net of applicable deferred income taxes) and are reclassified into the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit or loss. However, the ineffective portion of the cash flow hedges, are recognized in the Statement of Profit and Loss as it arises.

The Company recognizes gains or losses from changes in fair values of forward, option, currency and interest rate swap contracts that are not designated in a hedge relationship through the Statement of Profit and Loss in the period in which they arise.

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### 1.22 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

#### Note : 2

#### Share Capital

##### (i) Authorised :

2,50,00,000 Equity Shares of Rs.10 each with voting rights (As at 31st March 2013- 1,10,00,000 Equity Shares of Rs.10 each with voting rights)

**Rs. Crores**      **25.00**

Rs. Crores      11.00

1,05,00,000 - Cumulative Redeemable Preference Shares each (45,00,000 13.5% of Rs.10 each)

**Rs. Crores**      **10.50**

Rs. Crores      4.50

##### (ii) Issued, Subscribed and Fully Paid Up:-

1,05,10,649 Equity Shares of Rs.10 each with voting rights (As at 31st March 2013- 1,01,64,145 Equity Shares of Rs.10 each with voting rights)

**Rs. Crores**      **10.51**

Rs. Crores      10.16

82,32,164 6.74% Cumulative Redeemable Preference Shares of Rs.10 each

**Rs. Crores**      **8.23**

Rs. Crores      –

##### (iii) Number of Shares held by Holding Company

– Rane Holdings Limited

- Equity Shares

**Nos.**      **5,916,272**

Nos.      5,473,369

- Cumulative Redeemable Preference Shares

**Nos.**      **82,32,164**

Nos.      –

##### (iv) Number of Equity Shares outstanding as at the beginning of the period

**Nos.**      **1,01,64,145**

Nos.      1,01,64,145

Add: Shares issued during the year

**Nos.**      **3,46,504**

Nos.      –

Number of Equity Shares outstanding as at the end of the period

**Nos.**      **1,05,10,649**

Nos.      1,01,64,145

##### (v) Number of Cumulative Redeemable preference Shares outstanding as at the beginning of the period

**Nos.**      **–**

Nos.      –

Add: Cumulative Redeemable Preference Shares issued during the year

**Nos.**      **82,32,164**

Nos.      –

Number of Cumulative Redeemable Preference Shares outstanding as at the end of the period

**Nos.**      **82,32,164**

Nos.      –

##### (vi) Shares in the Company held by each shareholder holding more than 5 per cent shares

– Rane Holdings Limited

- Equity Shares

**Nos.**      **59,16,272**

Nos.      54,73,369

**56.29%**

**53.85%**

- Cumulative Redeemable Preference Shares

**Nos.**      **8,232,164**

Nos.      –

**100%**

–

## Notes forming part of the Financial Statements

(vii) Rights, preferences and restrictions attached to Shares mentioned above:

The company has only one class of Equity Shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

The Cumulative Redeemable Preference Shares shall have a face value of Rs.10 and is entitle to receive a cumulative dividend at the rate of 6.74%. The Cumulative Redeemable Preference Shares shall have a tenure of maximum 20 years. The Preference Shares are redeemable before 20 years at the option of the shareholders.

### Note : 3

#### Reserves and Surplus

Rs. Crores

Reserves	Balance as at 31 March 2013	Additions	Deductions	Balance as at 31 March 2014
Capital Subsidy	0.30	0.20	-	0.50
Amalgamation adjustment account	-	-	(0.20)	(0.20)
Capital Redemption Reserve	4.50	-	-	4.50
Securities Premium Account	3.57	-	-	3.57
Hedge Reserve Account	-	0.43	-	0.43
General Reserve	57.84	1.68	-	59.52
<b>Total</b>	<b>66.21</b>	<b>2.31</b>	<b>(0.20)</b>	<b>68.32</b>

Surplus in Statement of Profit and Loss	As at 31 March 2014 Rs. Crores	As at 31 March 2013 Rs. Crores
Balance as at the beginning of the year	53.70	40.93
Add:		
Profit for the year as per Statement of Profit and Loss	16.78	23.42
Less: Appropriations		
Interim Dividend on Equity Shares - Nil (previous year @ 20%)	-	2.03
Proposed Final Dividend on Equity Shares @ 55% (previous year @ 50%)	5.78	5.08
Proposed Preference Dividend	0.56	-
Tax on dividends	1.07	1.19
Transfer to General Reserve	1.68	2.35
	<b>9.09</b>	<b>10.65</b>
<b>Balance as at the end of the year</b>	<b>61.39</b>	<b>53.70</b>
<b>Total Reserves and Surplus</b>	<b>129.71</b>	<b>119.91</b>

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

Note : 4	As at	
Long-term Borrowings	31 March 2014	31 March 2013
Secured	Rs. Crores	
External Commercial Borrowings from Banks	24.47	36.11
Less: Current maturities of Long Term Debt referred to in Note 10	11.64	11.64
	<b>12.83</b>	24.47
Term Loan from RTSSL	8.27	-
Less: Current maturities of Long Term Debt referred to in Note 10	2.81	-
	<b>5.46</b>	-
Term Loans from Banks	27.55	-
Less: Current maturities of Long Term Debt referred to in Note 10	8.40	-
	<b>19.15</b>	-
<b>Unsecured</b>		
Term Loans from Banks	0.51	0.85
Less: Current maturities of Long Term Debt referred to in Note 10	0.17	0.34
	<b>0.34</b>	0.51
Term Loan from Holding company	4.50	-
Less: Current maturities of Long Term Debt referred to in Note 10	4.50	-
	<b>-</b>	-
Term Loan from RTSSL	0.88	-
Less: Current maturities of Long Term Debt referred to in Note 10	0.43	-
	<b>0.45</b>	-
Advance received from TRW Automotive US LLC	2.75	-
Less: Current maturities of Long Term Debt referred to in Note 10	1.80	-
	<b>0.95</b>	-
Fixed Deposits :		
From Related Parties	0.32	0.37
From others	6.35	5.74
Less: Current maturities of Long Term Debt referred to in Note 10	1.91	1.54
	<b>4.76</b>	4.57
	<b>43.94</b>	29.55

The details of the interest rate, tenor, repayment terms, nature of security etc., of the long term borrowings are as under:

### (i) External Commercial Borrowings from Banks

In respect of the ECB loans obtained, the Company has hedged it by cross currency swap arrangement whereby the principal and interest amount thereon have been swapped and firmed up into Indian Rupees at a fixed rate of interest. These arrangements have been recognized and the amount of borrowings has been stated in the books in Rupee values as per the said arrangement.

### Nature of Security

1. ECB Loans from Standard Chartered Bank (SCB) and DBS Bank Limited (DBS) and an INR term loan from HDFC Bank Limited is secured on a *pari passu* basis by a first charge created on the Company's immovable properties both present and future and are also secured by hypothecation of the Company's movable properties both present and future, subject to prior charge on the book debts and inventories in favour of the bankers for working capital facilities.

## Notes forming part of the Financial Statements

2. The INR Term Loans from ING Vysya Bank and Yes Bank are secured on a *pari passu* basis by a first charge created on the Company's Diecast Business's immovable properties both present and future and are also secured by hypothecation of the Company's Diecast Business's movable properties both present and future, subject to prior charge on the book debts and inventories in favour of the bankers for working capital facilities.
3. INR Loan from RTSSL is secured on the respective earmarked machinery provided by RTSSL.

### Terms of Repayment

#### (i) Secured Term Loans:

- a) SCB - ECB loan amounting to Rs.14.45 crores is repayable in 16 equal quarterly instalments commencing from February 2012 along with interest at the rate of 8.85 % per annum. The balance outstanding as at 31 March 2014 is Rs. 6.33 crores (As at 31 March 2013 - Rs.9.94 crores).
- b) SCB -ECB loan amounting to Rs.16.80 crores is repayable in 16 equal quarterly instalments commencing from December 2012 along with interest at the rate of 7.95% per annum. The balance outstanding as at 31 March 2014 is Rs. 10.49 crores (As at 31 March 2013 - Rs.14.70 crores).
- c) DBS - ECB loan amounting to Rs.15.29 crores is repayable in 8 equal half yearly instalments commencing from September 2012 along with interest at the rate of 8.98 % per annum. The balance outstanding as at 31 March 2014 is Rs.7.65 crores (As at 31 March 2013 - Rs.11.47 crores).
- d) HDFC Bank Ltd - INR Long Term Loan amounting Rs. 20 crores is repayable in 8 quarterly instalments commencing from December 2014 with 1 Year of Moratorium along with an Interest at the rate of 11.05%p.a (Base Rate+ 125 BPS). The balance outstanding as at 31 March 2014 is Rs. 20 crores.
- e) ING Vysya Bank - INR Long Term Loan amounting to Rs. 2.70 crores is repayable in 13 quarterly instalments commencing from September 2014 with 6 months of Moratorium period along with a interest rate of 11.15% p.a. The Balance Outstanding as on 31 March 2014 is Rs.2.70 crores.
- f) Yes Bank Ltd - INR Long Term Loan amounting to Rs. 16 crores is repayable in 12 equal quarterly instalments commencing from September 2011 with 2 years Moratorium period along with a interest of 12% p.a. The balance outstanding as on 31 March 2014 is 1.33 crores.
- g) Yes Bank Ltd - INR Long Term Loan amounting to Rs. 3.5 crores is repayable in 17 equal quarterly instalments commencing from August 2013 with 9 months moratorium period along with a interest of 12% p.a. The Balance outstanding as on 31 March 2014 is Rs. 3.08 crores.
- h) Yes Bank Ltd- INR Long Term Loan of Rs. 3.00 Crores is repayable in 14 equal quarterly instalments commencing from May 2011 with 6 months Moratorium period along with a interest of 12% p.a. The balance outstanding as on 31 March 2014 is Rs. 0.44 Crores.
- i) RTSSL Loan - INR Loan from Rane TRW Steering Systems Limited amounting to Rs. 10 crores which is repayable in 16 equal quarterly instalments commencing from Sep 2013 with an interest of 9% p.a. The balance outstanding as on 31 March 2014 is Rs. 9.15 Crores out of which Rs. 8.27 Crores is secured on the respective earmarked machinery provided by RTSSL.

#### (ii) Unsecured Term Loans:

- a) Term Loan from IDBI Bank Limited amounting to Rs.1.70 crores is repayable in 20 equal quarterly instalment commencing from October 2010 along with interest at the rate of 14.25 % per annum. The balance outstanding as at 31 March 2014 is Rs.0.51 crores (As at 31 March 2013 Rs. 0.85 crores).

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

- b) Advance from TRW Automotive US LLC amounting to Rs. 2.92 crores (USD 5,50,000 equivalent) repayable in a maximum of 22 installments commencing from November 2013 with an interest of 1.74 % p.a. based on the supply forecast. The balance outstanding as at 31 March 2014 is Rs. 2.75 crores.
- c) Long Term Loan from Related Party - RHL amounting to Rs. 7.5 crores at the rate of 12.5% p.a. The Balance outstanding as at 31 March 2014 is Rs. 4.5 crores and will be repaid before 31 March 2015.

### (iii) Fixed Deposits

Fixed Deposits are accepted for 2 or 3 years on cumulative/ non-cumulative basis

**Rs. Crores**

Amounts maturing from Balance Sheet date	As at 31 March 2014 Rs. crores	As at 31 March 2013 Rs. crores
Within one year	1.91	1.54
After one year and upto two years	3.34	1.97
After two years and upto three years	1.42	2.60
	<b>6.67</b>	6.11

### Rate of Interest

### Interest Payable Quarterly

Cumulative/ Non-Cumulative deposit scheme	As at 31 March 2014	As at 31 March 2013
For 2012 Scheme		
for 2 Years	9.50% p.a.	9% p.a.
for 3 Years	9.50% p.a.	9.50% p.a.
For 2013 Scheme		
for 2 Years	9.50% p.a.	9.50% p.a.
for 3 Years	9.50% p.a.	9.50% p.a.
Additional interest of 0.5% p.a. is paid to employees / retired employees of Rane Group		

## Notes forming part of the Financial Statements

### Note : 5

#### Deferred Tax Liabilities (Net)

(i) Liability:

Difference between Book and Tax Written Down Value of Depreciable Asset

- In respect of which the difference between book and tax written down value will reverse at the expiry of the tax holiday period
- Others

(ii) Assets:

- Provision for expenses allowable on payment basis
- Voluntary Retirement Scheme
- Unabsorbed Business loss and Depreciation
- Others

#### Net Deferred Tax Liability as at the year end

As at 31 March 2013 Rs. Crores	Addition Pursuant to Merger Rs. Crores	For the year 31 March 2014 Rs. Crores	As at 31 March 2014 Rs. Crores
2.01	-	0.45	2.46
11.35	1.36	0.96	13.67
	-		
(2.25)	(0.02)	(0.29)	(2.56)
(1.52)	-	(2.08)	(3.60)
-	(9.98)	3.91	(6.07)
(2.92)	(0.11)	(0.05)	(3.08)
6.67	(8.75)	2.90	0.82

### Note : 6

#### Other Long term liabilities

Termination benefit under Voluntary Retirement Scheme

### Note : 7

#### Long term provisions

- Provision for compensated absences
- Provision for Product warranty (Refer Note : 11)

### Note : 8

#### Short-term borrowings

##### Secured Loans from Banks

	As at 31 March 2014 Rs. Crores	As at 31 March 2013 Rs. Crores
Loans repayable on demand*	10.12	0.23
Commercial paper (Maximum amount outstanding at any time during the year - Rs.30 Crores / Previous year - Rs.20 Crores)	30.00	20.00
Other loans	51.46	39.67

##### Unsecured Loan

ST Deferral	0.10	-
	91.68	59.90

\* Secured loans include cash credit, packing credit, commercial paper and working capital demand loan from banks and are secured on a *pari passu* basis by a first charge by way of hypothecation of inventories and book debts and are also secured by a second charge on all immovable properties and movable fixed assets of the Company both present and future.



# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note : 9

#### Trade payables

	As at 31 March 2014 Rs. Crores	As at 31 March 2013 Rs. Crores
Acceptances	20.98	20.11
Other than Acceptances :		
Due to Micro and Small Enterprises (Refer (i) below)	12.26	11.98
Others	77.47	67.61
	89.73	79.59
	110.71	99.70

#### Micro and Small Enterprises :

- i. The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure required under Section 22 of the Act is given below:

The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act:		
– Principal	12.00	11.85
– Interest	0.26	0.13
The amount of interest paid in terms of Section 16 of MSMED Act along with the amount of payment made to suppliers beyond the appointed day during the year		
– Principal	-	-
– Interest	-	-
The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act:		
– Principal	25.55	15.44
– Interest	0.13	0.13
The amount of interest accrued and remaining unpaid at the end of the year (including Rs.0.13 Crores (Previous year Rs. 0.13 Crores) being interest outstanding as at the beginning of the accounting year)	0.13	0.13
The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED Act.	0.13	0.13

## Notes forming part of the Financial Statements

	As at 31 March 2014 Rs. Crores	As at 31 March 2013 Rs. Crores
<b>Note : 10</b>		
<b>Other current liabilities</b>		
Current maturities of Long term debt (Refer Note: 4)	31.66	13.52
Interest accrued but not due on borrowings	1.06	0.70
Unpaid dividend *	0.16	0.13
Unpaid matured deposits and interest accrued thereon *	0.04	0.06
Others :		
Commission payable to Chairman	0.20	0.30
Statutory dues (incl. Provident Fund, Excise Duty and TDS)	6.97	3.97
Payables on purchase of fixed assets	0.55	0.46
Security deposit received	0.29	0.22
Gratuity	2.95	2.95
	10.96	7.90
	43.88	22.31
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 as at the year end.		
<b>Note : 11</b>		
<b>Short-term provisions</b>		
Provision for compensated absences	0.41	0.27
Provision for Fuel Surcharge Adjustment charges	0.17	-
Provision for Product warranty *	2.01	2.11
Proposed dividend on Equity Shares	5.78	5.08
Proposed dividend on Preference Shares	0.56	-
Tax on proposed dividend	1.07	0.86
	9.42	8.05
	10.00	8.32
<b>* Movement in Provision for Product Warranty (Also refer Note 7)</b>		
Balance at the beginning of the year	3.47	4.12
Provision made during the year	2.99	1.76
Provision used against claims settled during the year	2.76	2.41
Balance at the end of the year	3.70	3.47

## Notes forming part of the Financial Statements

Note : 12

Fixed Assets – Current Year

Rs. Crores

Description	Gross Block			Depreciation / Amortisation				Net Block		
	Cost as at 31 March 2013	Additions	Adjustments during the year Pursuant to Merger	Deletions	Cost as at 31 March 2014	Upto 31 March 2013	For the year	On Deletions	As at 31 March 2014	As at 31 March 2013
<b>(i) Tangible Assets</b>										
Land - Freehold	14.59	-	2.90	-	17.49	-	-	-	17.49	14.59
Land - Leasehold	0.72	-	-	-	0.72	0.05	0.01	-	0.66	0.67
Leasehold Land Development Costs	0.77	-	-	-	0.77	0.39	0.08	-	0.30	0.38
Buildings	38.04	3.25	3.76	-	45.05	5.90	1.29	-	37.86	32.14
Plant and Machinery	219.54	39.35	22.61	4.10	277.40	111.21	19.91	3.95	150.23	108.33
Furniture and Fixtures	3.95	0.38	0.06	0.09	4.30	3.18	0.34	0.07	0.85	0.77
Vehicles	0.99	0.11	-	0.02	1.08	0.61	0.12	0.02	0.37	0.38
Office Equipments	9.44	1.34	0.14	-	10.92	8.02	0.98	-	1.92	1.42
<b>Total</b>	288.04	44.43	29.47	4.21	357.73	129.36	22.73	4.04	209.68	158.68
<b>(ii) Intangible Assets</b>										
Licence	3.19	0.64	0.13	-	3.96	2.82	0.37	-	0.77	0.37
Goodwill	-	-	10.16	-	10.16	-	2.03	-	8.13	-
<b>Total</b>	3.19	0.64	10.29	-	14.12	2.82	2.40	-	8.90	0.37
<b>Total Tangible and Intangible assets</b>	291.23	45.07	39.76	4.21	371.85	132.18	25.13	4.04	218.58	159.05
<b>(iii) Capital work-in-progress</b>										
<b>Total</b>									5.13	5.79
									223.71	164.84

Notes forming part of the Financial Statements

Note : 12

Fixed Assets – Previous Year

Rs. Crores

Description	Gross Block			Depreciation / Amortisation			Net Block		
	Cost as at 31 March 2012	Additions	Deletions	Costs at 31 March 2013	Upto 31 March 2012	For the year	On Deletions	As at 31 March 2013	As at 31 March 2012
<b>(i) Tangible Assets</b>									
Land - Freehold	14.59	-	-	14.59	-	-	-	14.59	14.59
Land - Leasehold	0.72	-	-	0.72	0.04	0.01	-	0.67	0.68
Leasehold Land	0.77	-	-	0.77	0.31	0.08	-	0.38	0.46
Development Costs	29.99	8.07	0.02	38.04	4.76	1.14	0.00	5.90	25.23
Buildings	197.06	26.38	3.90	219.54	100.45	14.34	3.58	111.21	96.61
Plant and Machinery	3.68	0.33	0.06	3.95	2.85	0.39	0.06	3.18	0.83
Furniture and Fixtures	0.96	0.10	0.07	0.99	0.52	0.12	0.03	0.61	0.44
Vehicles	8.70	0.75	0.01	9.44	7.41	0.62	0.01	8.02	1.29
Office Equipments	256.47	35.63	4.06	288.04	116.34	16.70	3.68	129.36	140.13
<b>Total</b>									
<b>(ii) Intangible Assets</b>									
Licence	2.81	0.38	-	3.19	2.71	0.11	-	2.82	0.10
<b>Total</b>	2.81	0.38	-	3.19	2.71	0.11	-	2.82	0.10
<b>Total Tangible and Intangible assets</b>	259.28	36.01	4.06	291.23	119.05	16.81	3.68	132.18	140.23
<b>(iii) Capital work-in-progress</b>									
<b>Total</b>									

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

	As at 31 March 2014 Rs. Crores	As at 31 March 2013 Rs. Crores
<b>Note : 13</b>		
<b>Long Term Loans and Advances</b>		
(Unsecured considered good)		
Capital Advances	6.28	5.03
Security deposits	1.95	1.30
Claims receivable	-	0.23
Deposits with Government authorities	1.37	-
Interest free loan to Related Party (Rane Foundation)	0.75	0.75
Advance Income Tax [Net of Provision for tax Rs.36.98 crores (previous year Rs.40.45 crores)]	6.22	6.26
MAT credit entitlement	4.83	0.68
	<b>21.40</b>	<b>14.25</b>
<b>Note : 14</b>		
<b>Inventories</b> (Valued at Lower of Cost and Net Realisable value)		
Raw Materials and Components *	17.79	15.80
Work-in-Progress *	10.86	11.26
Finished Goods *	43.00	31.79
Stores and Spares	8.23	6.53
	<b>79.88</b>	<b>65.38</b>
* Refer Note: 31		
<b>Note : 15</b>		
<b>Trade Receivables</b>		
(Unsecured)		
Outstanding for a period exceeding six months from due date for payment		
Considered doubtful	0.65	0.89
Less: Provision for doubtful receivables	0.65	0.89
	-	-
Other debts :		
Considered good	102.30	92.02
Considered doubtful	0.64	0.19
Less: Provision for doubtful receivables	0.64	0.19
	-	-
	<b>102.30</b>	<b>92.02</b>
<b>Note : 16</b>		
<b>Cash and Bank balances</b>		
Cash and Cash equivalent		
Cash on hand	0.02	0.05
Bank balance in current accounts	1.86	5.72
Cheques on hand	-	3.25
	<b>1.88</b>	<b>9.02</b>
Other bank balances		
Capital Gain scheme account	0.01	0.01
Deposit account	0.24	1.17
Margin money Deposits	0.76	-
	<b>1.01</b>	<b>1.18</b>
Earmarked Accounts		
Unpaid Dividend accounts	0.16	0.13
Interest warrant accounts	0.01	0.02
	<b>0.17</b>	<b>0.15</b>
	<b>3.06</b>	<b>10.35</b>

## Notes forming part of the Financial Statements

### Note : 17

#### Short term loans and advances (Unsecured)

##### Considered good

Prepaid expenses	1.38	1.58
Advance to suppliers	4.84	3.49
Loans to employees	0.09	0.16
Deposits with Government authorities	-	1.30
Balance with Customs and Excise Authorities	9.19	2.90
Export Entitlements	3.09	2.15
Claims receivable	0.33	0.43
Advance Fringe Benefits Tax	0.03	-
Other Deposits	0.19	0.17
	19.14	12.18

##### Considered doubtful

Advance to Suppliers	0.66	0.54
Less: provision for doubtful loans and advances	0.66	0.54
	-	-
	19.14	12.18

### Note : 18

#### Other current assets

Interest accrued on bank deposits	0.31	0.22
Derivative assets	0.43	-
Unamortised finance costs	1.34	0.31
Insurance claims receivable	1.30	0.94
Tooling income receivables	1.75	0.60
	5.13	2.07

### Note : 19

#### Revenue from Operations

Sale of Products *	775.37	686.39
Less : Excise Duty	65.62	62.12
Net Sale of Products	709.75	624.27
Other operating revenues :		
Sale of Scrap	11.88	10.62
Less : Excise Duty	1.16	1.02
	10.72	9.60
Sale of raw materials	1.25	1.34
Less : Excise Duty	0.07	0.14
	1.18	1.20
Export entitlements	4.30	1.95
Sale of Tools	0.65	1.97
Other claims	-	0.88
Net other operating revenues	16.85	15.60
	726.60	639.87

\* Refer Note: 34

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

	Year ended 31 March 2014 Rs. Crores	Year ended 31 March 2013 Rs. Crores
<b>Note : 20</b>		
<b>Other Income</b>		
Interest Income - on deposits	0.38	0.22
- on income tax refund	-	0.58
- on Supplier payments	0.07	0.27
	<b>0.45</b>	1.07
Profit on sale of fixed assets (Net)	0.14	0.20
Other Non-operating income	0.18	0.20
Amenities income	0.14	0.02
	<b>0.46</b>	0.42
	<b>0.91</b>	1.49
<b>Note : 21</b>		
<b>Cost of Materials consumed</b>		
Raw materials and Components consumed * @	403.52	384.79
Freight inward	8.31	6.79
Job work expenses	21.29	19.76
	<b>433.12</b>	411.34
* includes cost of raw materials and components sold	0.83	1.11
@ Refer Note: 35		
<b>Note : 22</b>		
<b>Changes in inventories of finished goods and work-in-progress</b>		
Opening Stock :		
Work-in-progress	11.26	13.50
Finished Goods	31.79	20.86
	<b>43.05</b>	34.36
Add:		
Addition Pursuant to Merger		
Work-in-progress	0.89	-
Finished Goods	6.81	-
	<b>7.70</b>	-
Less :		
Closing Stock		
Work-in-progress	10.86	11.26
Finished Goods	43.00	31.79
	<b>53.86</b>	43.05
	<b>(3.11)</b>	(8.69)
<b>Note : 23</b>		
<b>Employee benefit expenses</b>		
Salaries and Wages	66.74	55.02
Contributions to:		
Provident Fund	3.53	2.85
Superannuation Fund	0.65	0.59
National Pension Scheme contribution	0.04	-
Gratuity Fund	0.73	2.16
	<b>4.95</b>	5.60
Staff Welfare Expenses	8.73	8.80
	<b>80.42</b>	69.42

### Employee Benefits

**A. Gratuity :** In keeping with the Company's Gratuity Scheme (defined benefit plan) eligible employees are entitled to gratuity benefit (at one half month's eligible salary for each completed year of service) on retirement/death/incapacitation/ termination etc. Also refer Note 1. 12(b) (iii) for accounting policy relating to gratuity.



## Notes forming part of the Financial Statements

Following are the further particulars relating to gratuity

Rs. Crores

	2013-14	2012-13
<b>I Reconciliation of opening and closing balances of the present value of the Defined benefit obligation</b>		
Present value of obligation as at the beginning of the year	11.47	9.26
Present value of obligation on account of merger	0.26	-
Interest cost	0.80	0.77
Current service cost	0.85	0.83
(Benefits paid)	(3.30)	(0.63)
Actuarial (gain) / loss	(0.32)	1.24
Present value of obligation as at the end of the year	<b>9.76</b>	<b>11.47</b>
<b>II Reconciliation of opening and closing balances of the Fair value of the plan assets</b>		
Fair value of plan assets at the beginning of the year	8.52	7.68
Fair value of plan assets on account of merger	0.23	-
Expected return on plan assets	0.70	0.72
Contributions	0.76	0.79
(Benefits paid)	(3.30)	(0.63)
Actuarial loss	(0.10)	(0.04)
Fair value of plan assets at the end of the year	<b>6.81</b>	<b>8.52</b>
<b>III Reconciliation of present value of Defined Benefit Obligation in 'I' above and fair value of plan assets in 'II' above</b>		
Present value of the obligation at the end of the year	9.76	11.47
Fair value of plan assets at the end of the year	6.81	8.52
Liability recognised in the balance sheet	<b>2.95</b>	<b>2.95</b>
<b>IV Expense Charged to Statement of Profit and Loss</b>		
Current service cost	0.85	0.83
Interest cost	0.80	0.77
Expected return on plan assets	(0.70)	(0.72)
Actuarial loss	(0.22)	1.28
Expense recognised in the statement of profit and loss*	<b>0.73</b>	<b>2.16</b>

\* Included in contribution to gratuity fund' under Employee Costs of respective years.

	Funds managed by LIC		
<b>V Percentage of each category of Plan assets to total Fair Value of Plan Assets</b>			
<b>VI Actual return on Plan Assets</b>	0.60		0.66
<b>VII Principal Actuarial Assumptions at Balance Sheet date</b>			
Discount rate	9.10%		8.60%
Expected rate of salary increase			
- Executives and Staff	8.00%		7.50%
- Operators	6.00%		6.00%
Expected rate of return on plan assets	9.40%		9.40%
Attrition rate			
- Executives and Staff	8.00%		8.00%
- Operators	3.00%		3.00%
<b>VIII Experience Adjustments*</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Present Value of obligation	9.76	11.47	9.26
Plan Assets	6.81	8.52	7.68
Surplus / (Deficit)	(2.95)	(2.95)	(1.58)
Experience adjustments on plan liabilities - (loss) / gain	(0.49)	(0.90)	(58.00)
Experience adjustments on plan assets - (loss) / gain	(0.11)	(0.04)	(7.00)
<b>IX Enterprises' best estimate of contribution during the next year</b>	2.95	2.95	1.58

\* Experience adjustment has been disclosed upto FY 2011-12 based on the information available in the actuarial valuation report.

The entire plan assets are managed by Life Insurance Corporation of India (LIC). The data on Plan assets has not been furnished by LIC.

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.

### B. Compensated Absences:

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

<b>Principal Actuarial Assumptions at Balance Sheet date</b>			
Discount rate	9.10%		8.60%
Expected rate of salary increase			
- Executives and Staff	8.00%		7.50%
- Operators	6.00%		6.00%
Attrition rate			
- Executives and Staff	8.00%		8.00%
- Operators	3.00%		3.00%

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

	Year ended 31 March 2014 Rs. Crores	Year ended 31 March 2013 Rs. Crores
<b>Note : 24</b>		
<b>Finance costs</b>		
Interest expense on		
- Borrowings from Banks	10.64	7.56
- Fixed Deposits (*)	0.67	0.68
- Borrowing from related party	0.81	-
- Others	0.26	0.54
	12.38	8.78
Other borrowing costs		
- Discount on Commercial paper	2.35	1.74
- Other borrowing costs	0.19	0.45
	14.92	10.97
* include interest paid/payable to Directors	0.01	0.02
<b>Note : 25</b>		
<b>Other expenses</b>		
Stores, Spares and Tools consumed	29.55	23.16
Packing materials consumed	16.66	12.19
Increase / (decrease) of excise duty on inventory	1.35	0.33
Power and Fuel	18.20	13.35
Repairs and Maintenance :		
- Buildings	3.01	2.55
- Plant and Machinery	6.05	4.09
- Others	5.85	3.27
	14.91	9.91
Rent	0.44	0.25
Insurance	2.37	1.73
Rates and Taxes	1.26	0.68
Travelling and Conveyance	5.69	5.51
Professional Charges	8.91	5.76
Royalty and Technical Fees	0.75	0.65
Information Systems	2.81	2.83
Commission to Chairman	0.20	0.30
Freight Outward and Storage charges	14.80	11.68
Advertisement and Sales Promotion	4.31	3.55
Discount and Incentive	7.80	6.81
Product Warranty	2.99	1.76
Trade Mark	3.41	3.36
Provision for Bad and Doubtful receivables	0.18	-
Directors' Sitting Fees	0.09	0.08
Payment to auditors as auditors		
- Statutory Audit Fee	0.17	0.15
- Tax Audit Fee	0.03	0.03
- Limited Review Fee	0.06	0.05
- Certification Fee	0.04	0.07
- Reimbursement of expenses	*	*
	0.30	0.30
Net loss on foreign currency transactions	4.92	1.67
Miscellaneous Expenses	6.02	5.59
	147.92	111.45

\*Amount is below the rounding off norm adopted by the Company

## Notes forming part of the Financial Statements

### Note: 26 :

#### Note on Merger

"The Board of Directors, at its meeting held on June 28, 2013, approved a scheme of amalgamation of Rane Diecast Limited, (the Transferor Company), with Rane (Madras) Limited, (the Transferee Company / the Company), pursuant to sections 391 to 394 of the Companies Act, 1956 ("Scheme") with the appointed date as April 1, 2013. This scheme was sanctioned by the Honourable High Court of Judicature at Madras vide their Order dated February 18, 2014, which was filed with the Registrar of Companies, Tamilnadu, Chennai on March 12, 2014 (the Effective Date). Consequent to the sanction of the above scheme by the Court, the Company has accounted for the amalgamation, with effect from the Appointed Date viz., April 1, 2013, in accordance with Accounting Standard 14 - "Accounting for amalgamations", as notified by the Companies (Accounting Standards) Rules, 2006 under the "Purchase Method". Rane Diecast was in the business of manufacturing precision high-pressure aluminium die casting, primarily for automotive industries."

In accordance with the Scheme:

- 1) The amalgamation has been accounted under the purchase method and the assets and liabilities transferred have been recorded at their fair value as determined by the Board of Directors of the Transferee Company.
- 2) The difference between the value of the investments in the books of the company and the value of share capital issued by the company and the value of the Assets and Liabilities of the transferor company, amounting to Rs. 10.16 crores has been recognised as Goodwill under "Purchase Method" in accordance with the Scheme of Amalgamation and the Goodwill is amortised over the period of 5 years commencing from April 1, 2013.
- 3) The investment of 28,05,300 equity shares of Rs.10/- each held by the Company in the Transferor Company, constituting 21.25% of the paid-up equity capital of Transferor Company, was cancelled upon the scheme coming into effect.
- 4) The details of assets and liabilities acquired pursuant to the Scheme of Amalgamation and treatment of the difference between the net assets acquired and cost of investment by the Company in the Transferor Company is given below.

Particulars	Balance as at April 1, 2013 (Rs. Crores)
<b>Non- Current Assets</b>	
Fixed Assets (Net block including Capital WIP)	30.89
Deferred Tax asset	8.75
Long Term Loans and Advances	0.45
<b>Current Assets</b>	
Inventories	10.06
Trade Receivables	8.83
Cash and Cash Equivalents	1.96
Short term loans and Advances	5.51
Other Current Assets	0.10
<b>Total Assets</b>	<b>66.55</b>
<b>Non- Current Liabilities</b>	
Long Term Borrowings	15.09
Other Long Term Liabilities	0.04
<b>Current Liabilities</b>	
Short Term Borrowings	23.60
Trade Payables	5.94
Other Current Liabilities	17.08
Short Term Provisions	0.64
<b>Total Liabilities</b>	<b>62.39</b>
Excess of Assets over Liabilities	4.16
Less: Equity and Preference Share capital issued (Note 2 )	8.58
Less: Value of Investments held by the Company in Transferor Company	5.74
<b>Balance- Goodwill</b>	<b>10.16</b>

- 5) On March 21, 2014 the Company settled the consideration for the amalgamation by allotting the following shares to Rane Holdings Limited, the holding company of the Transferor Company: –
  - a. 3,46,504 equity shares of Rs. 10/- each as fully paid-up aggregating Rs.0.35 crores in the ratio of one (1) equity share of Rs. 10/- each for every thirty (30) equity shares of Rs.10/- each held in the Transferor Company; and
  - b. 82,32,164 fully paid-up 6.74% cumulative redeemable preference shares of Rs.10/- each against 60,00,000 fully paid-up 9.25% cumulative redeemable preference shares of Rs.10/- each, entirely held by Rane Holdings Limited in the Transferor Company.

The results for the year ended March 31, 2014 also include the results of the Transferor Company.

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note : 27

Related Party Disclosures		2013-14		2012-13	
(a)	List of related parties where control exists Holding Company	Rane Holdings Limited (RHL)		Rane Holdings Limited (RHL)	
(b)	Key Management Personnel	S Parthasarathy - Manager under the Companies Act, 1956 L Ganesh, Chairman		S Parthasarathy - Manager under the Companies Act, 1956 L Ganesh, Chairman	
(c)	Relative of KMP	L Lakshman Meenakshi Ganesh Aditya Ganesh Aparna Ganesh Shanthi Narayan Hema C Kumar Vanaja Aghoram L Ganesh HUF		L Lakshman Meenakshi Ganesh Aditya Ganesh Aparna Ganesh Shanthi Narayan Hema C Kumar L Ganesh HUF	
(d)	Enterprises over which KMP or relatives of KMP can exercise significant influence	Rane Foundation Kar Mobiles Limited L Lakshman HUF		Rane Foundation Kar Mobiles Limited L Lakshman HUF	
(e)	Other Related parties where transactions has taken place (Fellow Subsidiaries)	Rane Engine Valve Limited (REVL) Rane Brake Lining Limited (RBL) Rane Holdings America Inc (RHAI)		Rane Engine Valve Limited (REVL) Rane Diecast Limited (RDL) Rane Brake Lining Limited (RBL) Rane Holdings America Inc (RHAI)	
(f)	The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company				

Rs. Crores

Description	Holding Company		Key Management Personnel (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Transaction during the year</b>												
Professional Charges	2.89	2.96	-	-	-	-	-	-	-	-	2.89	2.96
Professional charges - REVL	-	-	-	-	-	-	-	-	0.08	0.06	0.08	0.06
Information Systems	2.78	2.87	-	-	-	-	-	-	-	-	2.78	2.87
Training Expenses	0.67	0.64	-	-	-	-	-	-	-	-	0.67	0.64
Miscellaneous Expenses	0.78	0.68	-	-	-	-	-	-	-	-	0.78	0.68
Interest on Term Loan with RHL	0.81	N/A	-	-	-	-	-	-	-	-	0.81	N/A
Trademark Fee	3.74	3.68	-	-	-	-	-	-	-	-	3.74	3.68
Miscellaneous Expenses sharing - REVL	-	-	-	-	-	-	-	-	0.01	N/A	0.01	N/A
CAPEX for Fixed Asset- REVL	-	-	-	-	-	-	-	-	0.04	N/A	0.04	N/A
Sales Promotion Expenses - RBL	-	-	-	-	-	-	-	-	*	N/A	*	N/A
Sales Promotion Expenses - RHAI	-	-	-	-	-	-	-	-	0.76	0.16	0.76	0.16
Donation-Rane Foundation	-	-	-	-	-	-	0.50	0.40	-	-	0.50	0.40
Loans availed and repaid during the year - RHL	3.50	-	-	-	-	-	-	-	-	-	3.50	-
Interest free Loan-Rane Foundation	-	-	-	-	-	-	-	0.75	-	-	-	0.75
Commission to Chairman	-	-	0.20	0.30	-	-	-	-	-	-	0.20	0.30
Salaries - Mr. S Parthasarathy	-	-	0.91	0.86	-	-	-	-	-	-	0.91	0.86
Interest paid on Fixed Deposits	-	-	0.01	0.01	0.03	0.04	*	*	-	-	0.04	0.05
Fixed Deposits accepted / (repaid)	-	-	-	0.05/ (0.05)	0.20/ (0.25)	0.10/ (0.10)	-	0.02/ (0.02)	-	-	0.20/ (0.25)	0.17/ 0.17
<b>Balance as at the year end</b>												
Fixed Deposits outstanding	-	-	0.05	0.05	0.25	0.30	0.02	0.02	-	-	0.32	0.37
Related Party Borrowing - RHL	4.50	-	-	-	-	-	-	-	-	-	4.50	-
Payables	0.01	*	0.20	0.30	-	-	-	-	-	-	0.21	0.30
Receivables	-	-	-	-	-	-	-	-	0.08	0.02	0.08	0.02
Interest free Loan-Rane Foundation	-	-	-	-	-	-	0.75	0.75	-	-	0.75	0.75

## Notes forming part of the Financial Statements

### Details of Related Party transactions :

Description	Holding Company		Key Management Personnel (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Interest paid on Fixed Deposits</b>												
Mr. L Ganesh	-	-	0.01	0.01	-	-	-	-	-	-	0.01	0.01
Mr. L Lakshman	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Mrs. Vanaja Aghoram	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Mrs. Shanthi Narayan	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Mr. Lakshman L HUF	-	-	-	-	-	-	*	*	-	-	*	*
<b>Fixed Deposits accepted / (repaid)</b>												
Mr. L Lakshman	-	-	-	-	0.00/ (0.10)	0.05/ (0.05)	-	-	-	-	0.00/ (0.10)	0.05/ (0.05)
Mrs. Vanaja Aghoram	-	-	-	-	-	0.05/ (0.05)	-	-	-	-	-	0.05/ (0.05)
Mrs. Shanthi Narayan	-	-	-	-	0.20/ (0.15)	-	-	-	-	-	0.20/ (0.15)	-
Mr. L Lakshman HUF	-	-	-	-	-	-	-	0.02/ (0.02)	-	-	-	0.02/ (0.02)
<b>Fixed Deposits outstanding</b>												
Mr. L Ganesh	-	-	0.05	0.05	-	-	-	-	-	-	0.05	0.05
Mr. L Lakshman	-	-	-	-	-	0.10	-	-	-	-	-	0.10
Mrs. Vanaja Aghoram	-	-	-	-	0.05	0.05	-	-	-	-	0.05	0.05
Mrs. Shanthi Narayan	-	-	-	-	0.20	0.15	-	-	-	-	0.20	0.15
Mr. L Lakshman - HUF	-	-	-	-	-	-	0.02	0.02	-	-	0.02	0.02
<b>Borrowing</b>												
RHL	4.50	-	-	-	-	-	-	-	-	-	4.50	-
<b>Payables</b>												
RHL	0.01	*	-	-	-	-	-	-	-	-	0.01	*
Mr. L Ganesh	-	-	0.20	0.30	-	-	-	-	-	-	0.20	0.30
<b>Receivables</b>												
Kar Mobiles	-	-	-	-	-	-	*	-	-	-	*	-
RHAI	-	-	-	-	-	-	-	-	0.04	-	0.04	-
RBL	-	-	-	-	-	-	-	-	*	-	*	-
REVL	-	-	-	-	-	-	-	-	0.04	0.02	0.04	0.02

\*Amount is below the rounding off norm adopted by the Company

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

	As at 31 March 2014 Rs. Crores	As at 31 March 2013 Rs. Crores
<b>Note : 28</b>		
<b>Contingent Liabilities, Guarantees and Commitment</b>		
<b>Contingent Liabilities</b>		
Claims against the company not acknowledged as debts:		
(i) Income Tax matters under appeal by the Company	12.98	12.49
(ii) Central Excise, Entry tax and Service Tax matters under appeal by the Company	1.68	0.60
(iii) Labour related matters under appeal by the Company	1.18	1.30
(iv) Corporate License fee under appeal by the Company	0.11	0.11
Total	15.95	14.50
Others		
(i) Income Tax matters under appeal by the Department	0.31	0.31
<b>Guarantees and Letter of Credit</b>		
Outstanding bank guarantees	2.34	-
Letter of Credit	4.40	-
<b>Bill Discounting</b>		
Outstanding	6.20	6.61
<b>Commitment</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advance Rs.6.48 crores (previous year Rs.5.03 crores)]	11.00	11.63
	<b>40.20</b>	<b>33.05</b>
<b>Note : 29</b>		
<b>The final dividend proposed for the year is as follows:</b>		
On Equity Shares of Rs.10 each		
Amount of dividend proposed	5.78	5.08
Dividend per equity share	<b>Rs. 5.50 per share</b>	Rs. 5.00 per share
<b>Note : 30</b>		
<b>Earnings Per Share</b>		
Profit after Tax (Rs. Crores) (A)	16.78	23.42
Number of equity shares of Rs.10 each at the beginning of the year	10,164,145	10,164,145
Add:Equity shares issued during the year	346,504	-
Number of equity shares of Rs. 10 each at the end of the year	10,510,649	10,164,145
Weighted average number of equity shares of Rs.10 each outstanding during the year (B)	10,510,649	10,164,145
Earnings per share (Basic and Diluted) - in Rupees	15.35	23.04
<b>Note : 31</b>		
<b>Particulars of Closing Inventories of Raw Materials, Work-in-Progress and Finished Goods</b>		
<b>Raw Materials and components</b>		
Steel Forgings	2.39	2.31
Castings	0.93	0.80
Steel Tubes	2.26	4.76
Aluminium	1.02	-
Aluminium Pumps & Tubes	0.85	-
Others (individually less than 10% of the total raw materials and components inventory)	10.34	7.93
	<b>17.79</b>	<b>15.80</b>
<b>Work-in-progress</b>		
Steering and Suspension Linkage Products	5.19	5.87
Steering Gear Products	4.94	5.39
Diecasting products	0.73	-
	<b>10.86</b>	<b>11.26</b>
<b>Finished goods</b>		
Steering and Suspension Linkage Products	19.79	21.25
Steering Gear Products	13.28	10.54
Diecasting products	9.93	-
	<b>43.00</b>	<b>31.79</b>

## Notes forming part of the Financial Statements

### Note : 32

#### Segment Reporting

##### 1. Revenue by Geographical Market

	Year ended 31 March 2014 Rs. Crores	Year ended 31 March 2013 Rs. Crores
India	551.59	526.96
Rest of the world	158.16	97.31
	<b>709.75</b>	<b>624.27</b>

##### 2. Carrying Amount of Segment Assets

India	140.06	130.58
Rest of the world- Export Debtors & Inventory	42.12	26.82
	<b>182.18</b>	<b>157.40</b>

##### 3. Additions to Fixed Assets and Intangible Assets

India	45.07	36.01
Rest of the world	-	-
	<b>45.07</b>	<b>36.01</b>

The Company's operations comprise of only one business segment viz., 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.

### Note : 33

#### Exceptional item

Exceptional items represent amount paid to employees who opted for Voluntary Retirement Scheme extended to employees during the year ended 31 March 2014

### Note : 34

#### Details of sale of Products:

	Year ended 31 March 2014 Rs. Crores	Year ended 31 March 2013 Rs. Crores
Steering and Suspension Linkage Products	344.31	325.38
Steering Gear Products	356.42	361.01
Diecasting products	74.64	-
	<b>775.37</b>	<b>686.39</b>

### Note : 35

#### Details for Raw Materials and components consumed

Steel Forgings	129.57	137.92
Castings	46.64	40.81
Steel Tubes	45.98	46.80
Aluminium	25.04	-
Aluminium Pumps & Tubes	5.21	-
Others (individually less than 10% of the total consumption)	150.25	158.15
	<b>402.69</b>	<b>383.68</b>
Imported	8.91% 35.86	4.89% 18.77
Indigenous	91.09% 366.83	95.11% 364.91
	<b>100.00% 402.69</b>	<b>100.00% 383.68</b>



# Rane (Madras) Limited

## Notes forming part of the Financial Statements

	As at 31 March 2014 Rs. Crores		As at 31 March 2013 Rs. Crores	
<b>Note : 36</b>				
<b>Stores, Spares and Tools consumed*</b>				
Imported	3.65%	1.15	3.87%	0.92
Indigenous	96.32%	30.30	96.13%	22.76
	<b>100.00%</b>	<b>31.45</b>	<b>100.00%</b>	<b>23.68</b>
* Includes Rs. 1.90 Crores (Previous year Rs. 0.52 Crores) included under Repairs and Maintenance in Note 25				
<b>Note : 37</b>				
<b>Value of Imports calculated on CIF basis</b>				
Raw materials		23.18		10.10
Components		13.41		11.27
Stores, Spares & Tools		2.02		0.38
Capital goods		6.15		2.43
		<b>44.76</b>		<b>24.18</b>
<b>Note : 38</b>				
<b>Research and Development cost</b>				
Capital expenditure		2.79		2.55
Revenue expenditure		5.60		4.05
		<b>8.39</b>		<b>6.60</b>
<b>Note : 39</b>				
<b>Expenditure in foreign currency</b>				
Travelling expenses		0.43		0.25
Freight Outward and Storage charges		1.97		0.57
Sales promotion expenses		2.55		0.65
Interest		1.11		0.86
Royalty and Technical Fees		1.36		0.65
		<b>7.42</b>		<b>2.98</b>
<b>Note : 40</b>				
<b>Earnings in foreign exchange</b>				
FOB Value of Exports		153.18		95.02
<b>Note : 41</b>				
<b>Leases</b>				
The Company has taken vehicles under operating lease for a period of 48 months. The details of the maturity profile of future operating lease payments are furnished below:				
a. Future minimum lease payments under non-cancellable operating lease for each of the following periods:				
- Not later than one year		0.20		0.17
- Later than one year and not later than five years		0.24		0.17
- Later than five years		-		-
b. Lease payments recognised in the Statement of Profit and Loss for the period		0.29		0.23

## Notes forming part of the Financial Statements

### Note : 42

#### Disclosure as per clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loan

Name of the Party	Investment	Amount outstanding as at 31 March 2014	Maximum balance outstanding during the year
Rane Foundation	Loan	0.75 (0.75)	0.75 (0.75)

Note: Figures in bracket relate to the previous year.

### Note : 43

#### Details on derivative instruments and unhedged foreign currency exposures

I. The following derivative positions are open as at 31 March 2014.

(a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March 2014

Currency	Buy/Sell	Amount	Cross Currency
USD	Sell	1,000,000	Rupees
USD	Sell	( - )	
JPY	Buy	80,477,500	Rupees
JPY	Buy	( - )	

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31 March 2014

Currency	Buy/Sell	Amount	Cross Currency
USD	Sell	3,115,000	Rupees
USD	Sell	(3,600,000)	Rupees

Note: Figures in brackets relate to the previous year

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note : 43 (Contd...)

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Nature of transactions	As at 31 March 2014		As at 31 March 2013	
	Receivable / (Payable) INR	Receivable/ (Payable) Foreign Currency	Receivable/ (Payable) INR	Receivable/ (Payable) Foreign Currency
Loan - USD	(43.31)	-\$0.72	(34.01)	-\$0.62
Receivables - USD	26.29	\$0.42	12.72	\$0.23
Receivables - EUR	1.76	€ 0.02	2.23	€ 0.03
Loan - EUR	(0.13)	€ 0.00	(0.66)	-€ 0.01
Payables - USD	(5.66)	-\$0.09	(0.43)	-\$0.01
Payables - EUR	(0.59)	-€ 0.01	(0.02)	*
Payables - YEN	(0.07)	-¥0.08	(0.05)	-¥0.03
Advances - USD	5.55	\$0.09	0.04	*
Advances-EUR	0.13	€ 0.00	-	-
Advances - GBP	0.09	*	-	-
Advances-YEN	-	¥0.02	-	-

\*Amount is below the rounding off norm adopted by the Company

### Note 44:

#### Previous Year Figures

The financial statement for the current year include the figures relating to Rane Diecast Limited whose assets and liabilities has been transferred to and vested with the Company with effect from April 1, 2013 pursuant to a scheme of amalgamation (Refer Note 26). Hence the current year figures are not comparable with that of the previous year. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

#### Signature to Note 1 to 44

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)

**L Ganesh**  
Chairman

**Harish Lakshman**  
Director

**S Parthasarathy**  
Chief Executive Officer

**Geetha Suryanarayanan**  
Partner  
(Membership No. 29519)

**P Krishnamoorthy**  
Chief Financial Officer

**S Subha Shree**  
Company Secretary

Place : Chennai  
Date : May 22, 2014

**NOTES**

**NOTES**