



# Rane (Madras) Limited

## 16<sup>th</sup> Annual Report 2019-20

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# FINANCIAL HIGHLIGHTS

## KEY PERFORMANCE HIGHLIGHTS

Particulars	(₹ in Crores)										
	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11	FY 10
Total Income (*)	1,119.23	1,380.83	1,219.60	992.62	862.49	779.97	727.51	641.36	673.11	585.46	420.68
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	60.92	151.75	139.49	99.38	79.70	69.67	69.16	57.84	62.98	50.39	34.84
Profit Before Tax (PBT)	(23.45)	70.37	60.18	26.29	18.66	16.84	19.68	30.06	37.17	30.83	20.04
Profit After Tax (PAT)	(24.43)	47.25	41.81	20.67	14.09	12.44	16.78	23.42	27.40	24.57	13.81
Return on Capital Employed (RoCE) %	1.3%	16.8%	17.8%	11.9%	9.9%	10.6%	15.8%	17.3%	23.7%	26.9%	19.1%
Return on Net Worth (RoNW) %	(8.0%)	16.4%	19.1%	13%	9%	9%	12%	19%	26%	27%	18%
Earnings Per Share (₹)	(20.37)	40.38	37.61	19.66	12.77	11.20	15.35	23.04	26.95	24.18	13.59
Dividend (%) (@)	-	85.00%	120.00%	60.00%	45.00%	45.00%	55.00%	70.00%	95.00%	70.00%	45.00%
Dividend Payout ratio (%)	-	25.97%	40.13%	37%	40%	46%	40%	35%	41%	34%	39%
Book Value Per Share (₹)	239.71	259.97	229.53	162.65	144.98	138.43	133.41	127.97	113.20	96.99	81.12

## BALANCE SHEET HIGHLIGHTS\*\*

FINANCIAL YEAR	(₹ in Crores)										
	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11	
Equity Share Capital	12.55	11.97	11.61	10.51	10.51	10.51	10.51	10.16	10.16	10.16	10.16
Shareholders' funds	300.93	311.27	266.43	170.95	160.02	153.73	148.45	130.07	115.06	98.58	
Non current Liabilities	155.42	129.53	130.37	140.05	139.67	62.97	49.90	40.79	50.19	47.61	
Current Liabilities	409.73	429.58	414.44	379.53	312.66	317.33	256.27	190.23	175.78	131.65	
Non current assets	530.02	450.69	406.07	389.51	343.46	300.59	245.12	179.09	165.52	124.41	
Current assets	336.06	419.73	405.16	301.02	269.49	233.44	209.51	182.00	175.51	153.43	

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

(\*) Total Income are net of excise duty

(@) Includes final/interim dividend, if any, recommended by the Board for the respective financial years

### Note :

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

## FROM THE DESK OF THE CHAIRMAN

Dear Stakeholders,

The world has changed drastically with the coronavirus pandemic. This is an extreme event - one for which there is no precedence. Rane (Madras) Limited (RML) started experiencing the adverse impact of the pandemic from March 2020 with the Government announcing lockdown to contain the spread of coronavirus. This came after six quarters of decline in the automotive market which created an even more challenging business environment. Even with the lockdown eased in various parts of the country, it will take considerable time before normalcy returns.

I would like to share details around the company's performance in FY2020 and the outlook for the business in these unprecedented times.

The global economy grew at a slower pace in 2019 compared to 2018. There was increased uncertainty driven by rapid shifts in trade policies and resulted in deteriorating business confidence and dampened investment growth across most regions. The Indian GDP growth dipped to 4.2% in FY20 significantly slower than 6.8% in FY19. This slowdown is attributable to credit squeeze negatively impacting consumption, investments and exports. The manufacturing sector remained flat in FY20. The Indian automobile industry faced major headwinds caused by global factors and rapid policy changes which made transition very difficult. An example was limited time given for transitioning to BS6. During the fiscal year the demand environment remained severely impacted by slowdown in the economy.

RML's Steering and Linkages business strengthened its market position in India across product segments and won new businesses from export customers. Despite slowdown, focused initiatives such as range expansion and new product introductions helped sustain the business in the aftermarket. The operational performance of Light Metal Castings India business continued to improve in FY20. This business would have performed better but for the severe effect in February/March 2020 due to Covid 19. The Light Metal Castings India business is diversifying its portfolio by pursuing both new OEMs and new product segments, which will enhance growth potential. The management executed significant cost saving projects to minimize the impact due to lower volumes and the inflationary pressures.

The performance of the company's overseas subsidiary in North America, Rane Light Metal Castings America (RLMCA) continues to remain a challenge, despite taking several measures to revive the business and operations. The Covid-19 pandemic has significantly impacted the future of this business. RML board will review the performance of the business closely in the next 12 months and take an appropriate decision, keeping in view the long term interest of shareholders.

Covid-19 is significantly impacting the performance of FY21 and the company is working on various cost savings initiatives to reduce the impact. These measures are targeted at improving productivity, optimizing manufacturing cost and includes management staff taking salary reductions ranging from 10% to 35% from Junior to Senior levels.

An excellent, dedicated and professional team of employees continue to drive forward the company's efforts on winning new orders and improving the operational performance. Our inherent resilience to market fluctuations and prudent conservatism will help the company tide over this critical period and put us in stronger footing when the market recovers.

On behalf of the entire Board of Rane (Madras) Limited, I would like to thank all our stakeholders - Customers, Employees, Vendors, Investors, Bankers, Government, and most importantly our shareholders, who have conferred immense confidence in us, throughout this long journey.

Yours Sincerely,

L Ganesh

Chairman

# CORPORATE INFORMATION

## Board of Directors

Mr. L Ganesh, Chairman  
 Mr. Harish Lakshman, Vice Chairman  
 Ms. Anita Ramachandran  
 Mr. L Lakshman  
 Mr. M Lakshminarayanan  
 Mr. Pradip Kumar Bishnoi

## Audit Committee

Mr. Pradip Kumar Bishnoi, Chairman  
 Ms. Anita Ramachandran  
 Mr. M Lakshminarayanan  
 Mr. L Lakshman

## Stakeholders' Relationship Committee

Mr. L Lakshman, Chairman  
 Mr. Harish Lakshman  
 Mr. Pradip Kumar Bishnoi

## Nomination and Remuneration Committee

Mr. M Lakshminarayanan, Chairman  
 Ms. Anita Ramachandran  
 Mr. L Ganesh  
 Mr. L Lakshman

## Corporate Social Responsibility Committee

Mr. L Lakshman, Chairman  
 Ms. Anita Ramachandran  
 Mr. L Ganesh

## President & Manager

Ms. Gowri Kalisam

## Senior Vice President - Finance & Chief Financial Officer

Mr. B Gnanasambandam

## Company Secretary

Ms. S Subha Shree

## Listing of Shares on

BSE Limited, Mumbai  
 National Stock Exchange of India Limited,  
 Mumbai

## Statutory Auditors

M/s. Deloitte Haskins & Sells  
 Chartered Accountants,  
 ASVN Ramana Towers, 7th Floor,  
 Old No. 37, New No. 52  
 Venkatanarayana Road,  
 T. Nagar, Chennai-600 017

## Secretarial Auditors

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

## Bankers

Standard Chartered Bank,  
 Chennai - 600 001  
 HDFC Bank Limited,  
 Chennai - 600 004  
 DBS Bank Limited,  
 Chennai - 600 002  
 Axis Bank, Chennai - 600 002  
 Federal Bank, Chennai - 600 020  
 Kotak Mahindra Bank Limited,  
 Chennai - 600 035  
 ICICI Bank, Chennai - 600 018  
 Exim Bank, Chennai - 600 002

## Registered Office

Rane (Madras) Limited  
 CIN: L65993TN2004PLC052856  
 "MAITHRI", 132, Cathedral Road,  
 Chennai 600 086  
 Phone: 044-28112472/73  
 Email: investorservices@ranegroup.com  
 Website: www.ranegroup.com

## Head Office

"GANAPATHI BUILDINGS"  
 154, Velachery Road,  
 Chennai - 600 042

## Plants

1. 79/84, Hootagally Industrial Area, Mysuru - 570 018, Karnataka
2. 77, Thirubuvanai Main Road, Thirubuvanai Village, Puducherry - 605 107
3. Ambakkam, Varanavasi Village, Varanavasi Post, Kancheepuram - 631 604, Tamil Nadu
4. Plot No. 27, Sector 11, Integral Industrial Estate Pant Nagar, Uttarakhand - 263 153
5. 143/A, SV Co-op Industrial Estate, IDA Bollaram, Medak, District - 502 325, Telangana
6. Survey No. 789/AA, 781, 781/AA, 790/A & 779 Sadashivpet Municipal, Limits, Sadashivpet Mandal - 502 291, Medak Dist., Telangana

## Registrar and Transfer Agent

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

## Rane (Madras) Limited

CIN: L65993TN2004PLC052856

Registered Office: "Maithri", No. 132, Cathedral Road, Chennai - 600 086

Phone: 044-28112472/73

E-mail: [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com), website: [www.ranegroup.com](http://www.ranegroup.com)

## NOTICE TO MEMBERS

NOTICE is hereby given that the Sixteenth (16<sup>th</sup>) Annual General Meeting of Rane (Madras) Limited will be held on, August 07, 2020 at 15:00 hrs IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2020, together with reports of the Board of Directors and the Auditor thereon

To consider passing the following resolution(s) as an ordinary resolution:

- (i) "Resolved that the Standalone Audited Financial Statement of the Company for the year ended March 31, 2020 together with the reports of the Board of Directors and the Auditor thereon, as circulated to the members and presented to the meeting be and are hereby adopted."
- (ii) "Resolved that the Consolidated Audited Financial Statement of the Company for the year ended March 31, 2020 together with the reports of the Auditor thereon, as circulated to the members and presented to the meeting be and are hereby adopted."

2. To appoint a Director in the place of Mr. Lakshman Lakshminarayan (DIN: 00012554), who retires by rotation and being eligible, offers himself for re-appointment

To consider passing the following resolution as an ordinary resolution:

"Resolved that Mr. Lakshman Lakshminarayan (DIN: 00012554), who retires by rotation under article 117 and 119 of the Articles of Association of the Company and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

3. To approve appointment of Statutory Auditors

To consider passing the following resolution as an ordinary resolution:

"Resolved that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. BSR & Co., LLP, Chartered Accountants (Firm Registration Number: 101248W/W100022) be and are hereby appointed as statutory auditors of the Company in the place of M/s. Deloitte Haskins and Sells, Chartered Accountants (Firm

Registration Number 008072S), effective from the conclusion of this 16<sup>th</sup> Annual General Meeting (2020) of the Company.

Resolved further that M/s. BSR & Co., LLP, Chartered Accountants (Firm Registration Number: 101248W/W100022), be and are hereby appointed as statutory auditors of the Company for a first 5 (five) consecutive years from the conclusion of 16<sup>th</sup> Annual General Meeting (2020) till the conclusion of the 21<sup>st</sup> Annual General Meeting (2025) on such terms and conditions including remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

### SPECIAL BUSINESS:

4. To approve appointment and remuneration of Ms. Gowri Kailasam, as Manager

To consider passing the following resolution as a special resolution:

"Resolved that in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of Companies Act, 2013 (the "Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (SEBI LODR) (including any statutory modification(s) or re-enactment thereof for the time being in force) approval be and is hereby accorded for the appointment of Ms. Gowri Kailasam, President - Steering and Linkages Division, as 'Manager' within the meaning of Section 2(53) of the Act for a period of five years with effect from January 21, 2020 to January 20, 2025 on the following terms :

- (i) Salary

₹ 3,58,700/- per month. Annual increase will be effective 1st April every year. The quantum of increase will be as decided by the Board of Directors, from time to time.

- (ii) Perquisites

Perquisites like superannuation allowance, fee to clubs, personal accident insurance, use of chauffeur driven car/s, telephone at residence, medical

insurance for self and family, medical allowance, leave & leave encashment, leave travel concession, education allowance, special allowance etc., will be provided in accordance with the policy of the Company as applicable to Key Managerial Personnel and Senior Management Personnel of the Company. The perquisites will be evaluated as per Income tax Rules, wherever applicable and at actual cost to the Company in other cases. The above perquisites are however, subject to a maximum of 150% of the salary per annum.

**(iii) Contribution to Funds**

Company's contribution to Provident Fund and Superannuation Fund / NPS will be as per the scheme of the Company. Company's contribution to Provident Fund and Superannuation Fund / NPS as above will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income tax Act. Gratuity payable shall be as per the rules of the Company.

**(iv) Incentive remuneration**

Incentive remuneration of such sum be paid based on the merits to be determined by the Board, provided that the total remuneration of the Manager shall not exceed the limits prescribed under the Companies Act, 2013.

Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Manager, she will be paid remuneration in terms of Part II of Schedule V to the Act, including any re-enactments thereof or such other limit as may be prescribed by the Government from time to time as minimum remuneration.

Resolved further that the remuneration specified hereinabove, may be enhanced, altered or varied by the Board, in accordance with the relevant provisions of the Companies Act, 2013 / Income Tax Act, 1961 and/or the rules and regulations made thereunder including any re-enactments thereof or such other limit as may be prescribed by the Government from time to time as minimum remuneration."

- 5. To approve under Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the remuneration payable to Mr. Ganesh Lakshminarayan (DIN: 00012583), Chairman (Non-Executive Director) exceeding fifty per cent of the total annual remuneration payable to all Non-Executive Directors**

To consider passing the following resolution as a special resolution:

"Resolved that in addition to the approval already accorded by the members vide resolution passed at the fourteenth Annual General Meeting of the Company held on July 25, 2018, specific annual approval in terms of the provisions of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (SEBI LODR) (including any statutory modifications or re-enactment thereof) be and is hereby accorded for payment of remuneration to Mr. Ganesh Lakshminarayan, (DIN: 00012583), Chairman, for the financial year ended March 31, 2020 exceeding 50% (fifty percent) of the total annual remuneration paid to all the Non-Executive Directors of the Company for the said financial year.

Resolved further that Board of Directors of the Company be and is hereby authorized to determine matters, from time to time, in connection with the payment and distribution of commission to Mr. L Ganesh, in such proportion and in such manner as may be necessary, proper and expedient to give effect to approval(s) accorded by the members."

(By order of the Board)  
For Rane (Madras) Limited

Chennai  
June 18, 2020

S Subha Shree  
Secretary

**Registered Office:**  
**Rane (Madras) Limited**  
"Maithri", No. 132, Cathedral Road,  
Chennai - 600 086  
CIN: L65993TN2004PLC052856  
[www.ranegroup.com](http://www.ranegroup.com)

**NOTES:**

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM, without the physical presence of the members at a common venue. The Company has engaged Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means i.e., remote e-voting and voting at the AGM.
2. In terms of Section 102 of the Companies Act, 2013 and Secretarial Standard on General Meetings (SS-2), an explanatory statement setting out the material facts concerning special business to be transacted at the AGM is annexed and forms part of this Notice.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, since

this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Corporate members intending to represent through their authorised representatives in the AGM through VC/ OAVM and to vote through remote e-voting or voting at the AGM are requested to send to the Company a certified copy of the board resolution authorising their representative to the designated email address of the Company i.e., [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com) and to CDSL i.e. [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
5. The cut-off date for the purpose of determining eligibility of members for voting in connection with the Sixteenth AGM has been fixed as **Friday, July 31, 2020**.
6. Pursuant to the relevant provisions of the Companies Act, 2013, dividend, which remained unclaimed/unpaid for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such dividend are also liable to be transferred to the demat account of the IEPF Authority.
7. Members may also note that the notice of the Sixteenth AGM and the annual report 2020 will be available in the Investors Section on the Company's website [www.ranegroup.com](http://www.ranegroup.com) and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
8. Listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the shareholders, in terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Accordingly, shareholders holding securities in demat mode are requested to update their bank details with their depository participants. Shareholders holding securities in physical form are requested to update bank account details by furnishing requisite documents with the RTA of the Company.
9. Members holding shares in dematerialized form are requested to notify any change in their addresses, bank details or e-mail address with their respective DP and those holding shares in physical form are requested to notify the RTA at the following address:

**M/s. Integrated Registry Management Services  
Private Limited**  
SEBI Registration No. INR000000544  
2nd Floor, "Kences Towers", No.1, Ramakrishna Street,  
North Usman Road, T Nagar, Chennai - 600 017  
e-mail ID: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)  
Phone: 044 2814 0801-803;

are, therefore, requested to submit their PAN to their respective DP. Further, in terms of SEBI circular dated April 20, 2018, the Company has sent reminder letters to individual shareholders for updating the details of PAN and Bank account details of persons holding shares in physical form with the Company's RTA.

11. Effective April 1, 2019, SEBI has disallowed listed companies from accepting requests for transfer of securities held in physical form, by amending the SEBI LODR. Members will need to convert shares held in physical form to demat for effecting any transfer. Only requests for transmission and transposition will be accepted by the Company/RTA.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the RTA, for consolidation into a single folio. The share certificate(s) will be returned to the members after necessary endorsements.
13. Members holding shares in single name and physical form are advised to make nomination or change nomination in respect of their shareholding in the Company in the prescribed form to the RTA. The nomination form(s) can also be downloaded from the Company's website [www.ranegroup.com](http://www.ranegroup.com)
14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020 will also be available on the Company's website [www.ranegroup.com](http://www.ranegroup.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL <https://www.evotingindia.com>
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. Information pursuant to regulations 26(4), 36(3) and 36(5) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) with respect to the Directors/ Auditor seeking appointment / re-appointment, as the case may be, at the AGM are furnished in the Annexure to this Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
17. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write well in advance to the Company on [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com).
18. Since the AGM will be held through VC/OAVM, the route map is not annexed in this notice.
19. In compliance with provisions of Section 108 of the

Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and SEBI LODR, the Company is pleased to provide members/shareholders facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services.

- i. The facility of casting the votes by the members/shareholders using an electronic voting system from a place other than venue of the AGM ('remote e-voting') and for poll during the meeting will be provided by Central Depository Services (India) Limited (CDSL e-Voting System).
  - ii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of 'remote e-voting' or voting at the AGM through poll.
  - iii. The 'remote e-voting' period commences on (Tuesday) August 04, 2020 (9:00 hrs IST) and ends on (Thursday) August 06, 2020 (17:00 hrs IST). During this period, members/shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 31, 2020 (Friday), may cast their vote by 'remote e-voting'. The 'remote e-voting' module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - iv. The voting rights of members/shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, i.e., Friday, July 31, 2020.
- Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, July 31, 2020, may cast their vote electronically.
- v. Mr. C Ramasubramaniam, Practicing Company Secretary (ICSI Membership no. FCS6125), Partner, M/s. CR & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the 'remote e-voting' process and voting at the AGM, in a fair and transparent manner.
  - vi. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.ranegroup.com](http://www.ranegroup.com) and on the website of CDSL [www.evotingindia.com](https://www.evotingindia.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges where the Company's shares are listed.

#### THE INSTRUCTIONS FOR SHAREHOLDER FOR REMOTE

#### E-VOTING ARE AS UNDER:-

- A. To Log-in to CDSL e-Voting website
  1. Visit the e-Voting website of CDSL. Open a web browser by typing the following URL: <https://www.evotingindia.com/> either on a Personal Computer or on a mobile.
  2. Click on 'Shareholders' module.
  3. Enter your User ID:
    - a) For CDSL: 16 digits beneficiary ID,
    - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c) Shareholders holding shares in physical form: Folio Number registered with the Company.  
(OR)

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdsindia.com> from Login -Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
  4. Next, enter the Image Verification as displayed and click on 'Login'.
  5. If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
    - a. If you are using CDSL e-Voting system for the first time, then follow below steps:
      - (i) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
 

Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number- the first two letters of their name and the last 8 digits of the Client ID /Folio number in the PAN field. In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters.
      - (ii) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.

If Dividend Bank Details or Date of Birth are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in point 3 of clause A.
    6. After entering these details appropriately, click on 'SUBMIT' tab.

7. Shareholders holding shares in physical form will then directly reach the Company selection screen.
8. Create Password:  
Shareholder holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other companies on which they are eligible to vote, provided that such Companies opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
10. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

**B. To Cast your vote electronically on CDSL e-Voting system.**

1. After successful login, you will reach Company selection screen.
2. Click on 'EVSN' for RANE (MADRAS) LIMITED.
3. Now you are ready for e-Voting as the Voting page opens.
4. On the voting page, you will see 'RESOLUTION DESCRIPTION' and against the same, the option 'YES/NO' for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and the option NO implies that you dissent to the Resolution.
5. Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire Resolution details.
6. After selecting the resolution that you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
7. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
8. You can also take a printout of the votes cast by clicking on 'CLICK HERE TO PRINT' option on the Voting page.
9. Shareholders can also cast their vote using CDSL's mobile app 'm-Voting'. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

10. Note for Non - Individual Shareholders and Custodians:
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the 'Corporates' module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com) (designated email address by Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company's e-mail ID [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com) or to RTA's e-mail ID [srirams@integratedindia.in](mailto:srirams@integratedindia.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company's e-mail ID [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com) or to RTA's e-mail ID [srirams@integratedindia.in](mailto:srirams@integratedindia.in).

3. The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the aforesaid shareholders.

**INSTRUCTIONS FOR SHAREHOLDERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at the weblink: <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before and after the scheduled time of the commencement of the Meeting and will be available for Shareholders on a first come first served basis.
3. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
4. Further, shareholders will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com) from July 30, 2020 (09:00 hrs IST) to August 03, 2020 (17:00 hrs IST). The shareholders who do not wish to speak during the AGM but have queries may send their queries in within the above mentioned time period prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com).
7. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

**THE INSTRUCTIONS FOR SHAREHOLDERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.
2. Only those shareholders, who will be present in the AGM through VC/OAVM facility and have not casted

their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholder have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholder shall be considered invalid, as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Other Instructions**

1. In case of any queries or issues, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

(By order of the Board)  
For Rane (Madras) Limited

Chennai  
June 18, 2020

S Subha Shree  
Secretary

**Registered Office:**  
**Rane (Madras) Limited**  
"Maithri", No.132, Cathedral Road,  
Chennai - 600 086  
CIN: L65993TN2004PLC052856  
[www.ranegroup.com](http://www.ranegroup.com)

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

**Item No.3**

M/s Deloitte Haskins and Sells (DHS), Chartered Accountants, (Firm registration Number. 008072S) (DHS) hold the office of statutory auditors in second term of five consecutive years from the conclusion of the 13<sup>th</sup> Annual General Meeting (2017) until the conclusion of the 18<sup>th</sup> Annual General Meeting (2022).

DHS are also the Statutory Auditors of the holding company, viz., Rane Holdings Limited (RHL), and are completing the statutorily prescribed period of ten years in two consecutive terms at the conclusion of 84<sup>th</sup> AGM 2020 of RHL.

In order to enable the statutory auditors of the holding company to effectively perform the audit procedures envisaged under the SEBI LODR regulations with respect to audit of the component entities viz., subsidiaries and

associates, it is considered desirable to have common statutory auditors both for RHL and the Company, being subsidiary of RHL. This is also aimed to rationalise the cost and efforts.

Accordingly, DHS have expressed their intention to resign as Statutory Auditors of the Company effective from the conclusion of this 16<sup>th</sup> Annual General Meeting of the Company. The Audit Committee and Board of Directors of the Company, at their respective meetings held on June 18, 2020 have taken note of this intention of DHS.

As per the provisions of Section 139 of the Companies Act, 2013, an appointment of statutory auditors needs approval of the members at a general meeting.

After a detailed review of the profile, experience and expertise of few audit firms / entities, the Audit Committee and Board of Directors of the Company have recommended the appointment of M/s BSR & Co., LLP, as Statutory Auditors of the Company, for approval of the members at the 16<sup>th</sup> Annual General Meeting of the Company.

M/s BSR & Co., LLP, having firm registration no. FRN / Mem No.101248W / W100022 is a member entity of BSR & Affiliates, a network registered with The Institute of Chartered Accountants of India. They have audit experience across S&P BSE 30, S&P BSE 100 and S&P BSE 200 indices and in particular, the automotive sector globally.

M/s BSR & Co., LLP have accorded their consent and confirmed that they full-fulfill all the eligibility criteria envisaged under Companies Act, 2013 and SEBI LODR Regulations 2015, to hold the office and perform the role of statutory auditor of the Company effectively. They hold a valid peer review certificate which is valid up to July 1, 2022.

Considering the professional experience, expertise and technical competencies by M/s BSR & Co., LLP, the Audit Committee and the Board of Directors are of the opinion that it would be in the best interest of the Company to appoint M/s BSR & Co., LLP as Statutory Auditors. Accordingly, the Board of Directors recommend to the shareholders the appointment of M/s BSR & Co., LLP, Chartered Accountants, as Statutory Auditors for five (5) years from the conclusion of this 16<sup>th</sup> Annual General Meeting (2020) till the conclusion of the 21<sup>st</sup> Annual General Meeting (2025) on a remuneration of ₹ 25 Lakhs per annum towards statutory audit and quarterly limited reviews, excluding reimbursement of any out of pocket expenses at actuals and applicable taxes and subject to annual revisions as may be determined by the Board from time to time.

There is no material change in the fee payable from that paid to the outgoing auditor, except that the remuneration is presently fixed considering the prevailing economic scenario.

None of the Directors and Key Managerial Personnel (KMP) of the Company and their relatives is concerned or interested, financial or otherwise, in the above resolutions except to the extent of their shareholding, if any, in the Company.

The Board recommends passing the resolution as set out in the item no.3 of this notice as an **ordinary resolution**.

#### **Item No.4**

In terms of Section 203 of the Companies Act, 2013, the Company is required to appoint a whole time Key Managerial Personnel (KMP) in the designation of MD/CEO/Manager/ Whole Time Director. The Company has identified Ms. Gowri Kailasam, President - Steering and Linkages Division, for the appointment as KMP in the position of 'Manager' within the meaning of Section 2(53) of the Companies Act, 2013 (the Act).

Ms. Gowri Kailasam, holds B. Tech and Master's degree in Chemical Engineering besides Masters of Business Administration. She has over 25 years of work experience. She has worked for Ford India and Ford Motors (UK). She joined the Company as General Manager - TQM and has played significant roles in quality, materials and business planning. She is currently heading the Steering and Linkages Division as President, to steer the accelerated profitable growth and enhance the financial performance of the Company.

The Board of Directors after considering her qualification, experience, expertise and taking into consideration and the recommendations of Nomination and Remuneration Committee, has appointed Ms. Gowri Kailasam also as Manager of the Company for a period of five years, effective from January 21, 2020 to January 20, 2025. Her appointment as Manager is subject to approval of the members in accordance with Section 196 of the Companies Act, 2013.

Details as required under the Schedule V to the Companies Act, 2013 and under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

#### **(i) General information:**

The Company is the leading auto component group based out of Chennai. RML has two manufacturing namely Steering and Linkages Division (SLD) and Light Metal Castings (LMC). SLD manufactures mechanical steering gears, hydrostatic steering systems and steering and suspension linkage products. LMC manufactures low porosity, high-quality aluminium die-castings such as steering housings and engine case covers. Through its overseas subsidiary, Rane Light Metal Castings Inc., America (LMCA) (Formerly Rane Precision Die Casting Inc. (RPDC), RML manufactures high pressure aluminum die casting components from its facility in Kentucky, USA. The Company has diverse presence in both domestic and international market. The financial performance of the Company for the year ended March 31, 2020 is given below:

Particulars for 2019-20	₹ In Lakhs
Sales & Operating Revenue	1,10,052
Profit Before Tax	(2,345)
Provision for Tax (net tax expense)	98
Profit After Tax	(2,443)

## (ii) Information about the appointee:

Name of the Manager	Ms. Gowri Kailasam
DIN	-
Father's Name	Mr. Kailasam Pazhayannur Subramania Iyer
Date of Birth	June 27, 1967
Educational Qualifications	B. Tech and Master's degree in Chemical Engineering and Masters of Business Administration.
Experience	Ms. Gowri Kailasam has over 25 years of industrial experience and has held various positions in the areas of quality, materials, business planning and other corporate functions.
Past Remuneration (2019-20)	₹ 1,26,50,841
Recognition / Awards	-
Job Profile and suitability	She heads the operations and is responsible for achieving operating and strategic business plans of the Company and reports to Vice- Chairman. Given her qualification and experience, Ms. Gowri Kailasam is considered well suited for the position.
Remuneration Proposed	As detailed in the resolution. The proposed remuneration is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.
Comparative remuneration profile with respect to the industry	The proposed remuneration package of the appointee is in line with the prevailing standards in the industry, size of the Company, profile of the position, etc.
Pecuniary Relationship and relationship with the managerial personnel	Apart from receiving remuneration she has no other pecuniary relationship with the Company.
Other Directorships	Ms. Gowri Kailasam is not related to any other managerial personnel of the Company.
Committee Memberships	Nil

## (iii) Other Information:

**Other information such as reasons for loss or inadequacy of profits-** High finance cost coupled with lower demand in the auto sector and degrowth in domestic sales and export sales coupled with an impairment of Investments in subsidiaries.

**Steps taken or proposed to be taken for improvement-** The Company has taken steps to optimize the resources, productivity improvement, sustaining efficiency levels and significant cost saving projects were executed.

**Expected increase in productivity and profit in measurable terms -** Pursuit of initiatives and improvement in R&D facilities is expected to increase product performance requirements and support new product development. New export businesses is expected to drive growth especially in the domestic light metal casting business

## (iv) Other Disclosures:

The Company has not made any default in repayment of its debt or interest payable thereon during the preceding

financial year 2019-20. Ms. Gowri Kailasam satisfies all the conditions laid down in Schedule V to the Companies Act, 2013. She holds no equity shares of the Company.

Ms. Gowri Kailasam is interested in the resolution as it relates to her own appointment. None of the directors and other 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.

The Board recommends passing the resolution as set out at item no. 4 of this notice as a **special resolution**.

**Item No. 5**

The members of the Company at the Fourteenth Annual General Meeting of the Company held on July 25, 2018, had approved payment of commission to Mr. L Ganesh, Chairman, a sum not exceeding 2% of the annual net profits of the Company, for a period of 3 years with effect from April 1, 2018 to March 31, 2021. The ordinary resolution was

approved by members with 99.99% of votes cast in favour of the resolution.

In terms of Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) approval of shareholders by way of special resolution is required when annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration paid/payable to all Non-Executive Directors.

For the financial year ended March 31, 2020, Mr. L Ganesh is entitled to receive a commission of ₹ 29,70,538/-, being 2% (approx.) of the net profits calculated in accordance with Section 198 of the Companies Act, 2013. The said commission, together with sitting fees exceeds 50% (fifty percent) of the total annual remuneration paid to all the Non-Executive Directors of the Company for the said financial year.

In order to comply with requirements under Regulation 17(6)(ca) of SEBI LODR, approval of the members is being sought by way of a special resolution, as set out in item no.4 of this notice.

Mr. L Ganesh is concerned or interested in the resolution. Mr. L Lakshman being his relative is deemed to be interested in the resolution. None of the other Directors

and Key Managerial Personnel (KMP) of the Company and their relatives is concerned or interested, financial or otherwise, in the above resolutions except to the extent of their shareholding, if any, in the Company.

The Board recommends passing the resolution as set out at item no. 5 of this notice as a **special resolution**.

(By order of the Board)  
For Rane (Madras) Limited

Chennai  
June 18, 2020

S Subha Shree  
Secretary

Registered Office:  
Rane (Madras) Limited  
"Maithri", No.132, Cathedral Road,  
Chennai - 600 086  
CIN: L65993TN2004PLC052856  
[www.ranegroup.com](http://www.ranegroup.com)

### Annexure to the Notice dated June 18, 2020

Information about Directors seeking re-appointment at the Annual General Meeting in compliance with Regulation 26(4), 36(3) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) as on June 18, 2020

<b>Name of the Director</b>	Mr. Lakshman Lakshminarayan
<b>Father's Name</b>	Mr. L L Narayan
<b>Director Identification Number (DIN)</b>	00012554
<b>Age (in years)</b>	73
<b>Date of Birth</b>	July 17, 1946
<b>Educational Qualifications</b>	B.E (Mech.), Executive MBA from London Business School
<b>Experience</b>	Mr. L Lakshman had been spearheading the business of Rane Group of Companies and has more than 49 years of industrial experience.
<b>Date of first appointment on the Board</b>	March 31, 2004
<b>Terms and Conditions of appointment</b>	Re-appointment as a Non-Executive Director, liable to retire by rotation
<b>Last drawn remuneration</b>	Sitting fee for FY 2019-20 - ₹ 4,02,500
<b>Remuneration sought to be paid</b>	No approval is being sought for payment of remuneration.
<b>Relationship with other Directors / Manager / KMP</b>	Brother of Mr. L Ganesh and father of Mr. Harish Lakshman.
<b>Other Directorships</b>	<p><b>Chairman - Emeritus</b> 1. Rane Holdings Limited</p> <p><b>Director</b> 1. Rane Brake Lining Limited 2. Rane Engine Valve Limited 3. Rane Holdings Limited 4. Rane TRW Steering Systems Private Limited 5. Rane NSK Steering Systems Private Limited 6. SRF Limited</p>
<b>Committee Memberships in other Boards</b>	<p><b>Member - Audit</b> 1. Rane Engine Valve Limited 2. Rane NSK Steering Systems Private Limited 3. Rane TRW Steering Systems Private Limited 4. SRF Limited</p> <p><b>Member - Nomination and Remuneration</b> 1. Rane Engine Valve Limited 2. Rane Holdings Limited</p> <p><b>Chairman - Corporate Social Responsibility</b> 1. Rane Holdings Limited 2. Rane Brake Lining Limited 3. Rane Engine Valve Limited 4. Rane NSK Steering Systems Private Limited 5. Rane TRW Steering Systems Private Limited</p> <p><b>Chairman - Stakeholders' Relationship Committee</b> 1. Rane Holdings Limited</p> <p><b>Member - Corporate Social Responsibility</b> 1. SRF Limited</p>
<b>Number of meetings of the Board attended during the year</b>	Five (5)
<b>Number of equity shares held (Including Joint holding, if any)</b>	Nil

# REPORT OF THE BOARD OF DIRECTORS

Your Board of Directors hereby present to you the Sixteenth Annual Report covering the operational and financial performance together with the accounts for the year ended March 31, 2020 and other prescribed particulars:

## 1. State of Company's affairs

The impact of COVID-19 will be felt in the Financial Year 2020-21 as it is expected to further drag the slowness in the auto industry and the revival is bound to be slow. The Company has partially resumed operations in its facilities, with minimum workforce, as per the guidelines issued by the Ministry of Health and Family Welfare.

### 1.1. Financial Performance

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

Particulars	2019-20	2018-19	(₹ in Crores)
Revenue from Operations	1,100.52	1,370.25	
Other Income	18.71	10.57	
Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	98.50	151.74	
Less: Depreciation / Amortisation	52.42	53.03	
Profit / loss before Finance Costs, Exceptional items and Tax Expense	46.08	98.71	
Less: Finance Costs	31.95	28.35	
Profit / loss before Exceptional items and Tax Expense	14.13	70.36	
Add / (less): Exceptional items	(37.58)	-	
Profit / (loss) before Tax Expense	(23.45)	70.36	
Less: Tax Expense (Current & Deferred)	0.98	23.12	
Profit / (loss) for the year (1)	(24.43)	47.24	
Total Comprehensive Income / loss (2)	(4.41)	(1.14)	
<b>Total (1+2)</b>	<b>(28.84)</b>	<b>46.10</b>	
Balance of profit / loss for earlier years	44.60	46.51	
Less: Transfer to Reserves	25.83	32.36	
Less: Dividend paid on Equity Shares	5.39	13.49	
Less: Dividend Distribution Tax	1.11	2.77	
Balance carried forward	(13.78)	44.60	

The Key Performance Indicators, operational performance and summary on balance sheet are furnished in page no 1 of this annual report.

The total standalone turnover of the Company was ₹ 1,100.52 crores, which is a decline of 20% over the previous year. The revenue from Steering and Linkage Division (SLD) products was ₹ 930.44 crores, a decline of 19 % over the previous year. The revenue from Light Metal Castings India (LMCI) (formerly known as Die Casting Division (DCD)) products was ₹ 79.79 crores, which is 34% decline over previous year. The auto parts division of the Company registered a turnover of ₹ 45.36 crores as against turnover of ₹ 52.29 crores recorded during previous year. The Company has netted a Profit After Tax (PAT) of ₹ (24.43) crores, which is (2)% of the turnover. This resulted in an Earnings Per Share (EPS) of ₹ (20.37) for FY 2019-20 as against ₹ 40.38 in the previous year.

The Company has taken steps to build in all the safety and precautionary measures across all its facilities and locations. The Company as part of the auto industry is confident of meeting the challenges post the lockdown in ensuring the supply chain is revived and supply is started.

As a responsible corporate citizen, the Company has contributed a sum of ₹ 0.20 crores as part of its Corporate Social Responsibility initiatives to Chief Minister's Relief Fund, Tamil Nadu and Telangana in support of COVID-19 pandemic relief measures.

The Company continues to be a Subsidiary of Rane Holdings Limited (RHL / Holding Company). There was no material change or commitments, affecting the financial position of the Company between the end of the financial year of the Company and date of the report other than those disclosed in the financial statements section of this annual report. There was no change in the nature of business during the year.

### 1.2. Appropriation

The Company has carried forward a loss of ₹ 13.78 crores after transferring ₹ 25.83 crores to the General Reserves. The Board of Directors, taking into consideration, the operational performance, financial position of the Company and uncertainties faced by the automotive sector and the Indian economy as a whole, has decided not to declare / recommend any dividend, for the year under review.

### 1.3. Credit rating

The Company's financial management and its ability to service financial obligations in a timely manner, has been reaffirmed by CRISIL by its ratings, during the year under review. Credit rating details have been disclosed to stock exchanges and made available in the website of the Company in a timely manner. The Corporate Governance section of this annual report carries the details of credit rating.

### 1.4. Share Capital

During the year under review, the share capital of the Company stood at ₹ 12,55,38,910 as compared to ₹ 11,97,31,710 in the previous year. This increase was due to the allotment of 5,80,720 equity shares of ₹ 10/- each upon conversion of equivalent warrants out of the 17,42,160 warrants issued to Rane Holdings Limited (Promoter / Holding Company) during the year, on preferential basis, as discussed in detail in below paragraphs.

#### 1.4.1. Convertible warrants

The Company was in requirement of financial support to meet current capital expenditure plan, working capital requirements, including that of its overseas operations through its wholly owned subsidiary / ies and for improving the debt-equity structure.

After a detailed review of the performance and business plans of the Company and after careful consideration of various options of fundraising, the Board of directors had decided that it would be in the best interest of the Company in the long-term to increase the capital base of the Company, by about ₹ 50 crores, by way of preferential issue to the Promoter and Promoter Group of the company. Rane Holdings Limited (RHL), being the holding Company and the Promoter of the Company, had expressed interest to infuse funds upto ₹ 50 Crores into the Company by subscribing to equity shares or convertible securities of the Company.

The preferential issue of convertible warrants was approved by the shareholders at an Extraordinary General Meeting held on December 09, 2019 and RHL was issued and allotted 17,42,160 warrants at an issue price of ₹ 287 per warrant, entirely for cash, convertible to equity shares in or more tranches.

On December 18, 2019, the Issue and Allotment Committee of the Board (IAC) had allotted 17,42,160 warrants to RHL convertible into equivalent number of equity shares within a period of 18 months from the date of allotment.

On March 20, 2020, RHL infused a further sum of ₹ 12.50 crores and thus exercised conversion of 5,80,720 warrants into equivalent equity shares of face value of ₹ 10/- each fully paid-up ranking pari-passu in all respects with the existing equity shares, including dividend, if any. Thus, the shareholding of RHL in the

Company increased by 1.78% to 63.42%. Pursuant to the above, the equity share capital of the Company stands at ₹ 12,55,38,910 comprising of 1,25,53,891 equity shares of ₹ 10/- each fully paid-up.

### 1.5. Management Discussion & Analysis

The business of your Company is manufacturing and marketing of auto components for transportation industry viz., steering and suspension systems, linkage products, steering gear products and aluminium alloy based high pressure die-casting products. The analysis on the performance of the industry, the Company, internal control systems, risk management are presented in the Management Discussion and Analysis report forming part of this report and provided in 'Annexure A'.

### 1.6. Subsidiaries, Associate and Joint Venture Companies

#### 1.6.1. Overseas Subsidiaries

The name of Rane Precision Die Casting Inc. has been changed to Rane Light Metal Castings Inc. America (LMCA). The LMCA is engaged in the business of manufacturing high pressure aluminium die casting for automotive applications like steering and compressor related die casting components. During the FY 19-20, LMCA earned revenue of ₹ 176.55 crores from its operations.

LMCA is a step down subsidiary of the Company held through Rane (Madras) International Holdings, B.V., The Netherlands, a wholly owned subsidiary of the Company ('RMIH' / 'WOS').

In RMIH, during the FY 2019-20, the Company invested upto Euro 12.094 million for making onward capital infusions in LMCA and to meet its own administrative expenses. The total equity investments in LMCA through RMIH as on March 31, 2020 stands at USD 21.51 million. Also, in order to extend financial support to LMCA and RMIH, the Company had issued corporate guarantees in favour of banks / financial institutions and as at March 31, 2020, the corporate guarantees represent a sum of USD 6.41 Million and USD 3.08 Million in respect of LMCA and RMIH, respectively.

The Company had also earlier extended financial support directly to RMIH by way of loan and as on March 31, 2020, a loan of ₹ 33.82 crores is outstanding.

All the investments and financial commitments of the Company are within the limits prescribed under the Foreign Exchange Management Act 1999 and regulations framed thereunder for the time being in force.

The highlights of performance of subsidiaries Companies and their contribution to the overall performance of the Company during the year under review are provided in the section 'Management Discussion & Analysis' forming part of this annual report. The Company does not have any associate or joint venture. There was no Company which has

become or ceased to be Company's subsidiary, Joint venture or associate Company during the financial year 2019-20.

#### 1.7. Consolidated Financial Statements

The consolidated financial statements of the Company are prepared based on the financial statements of the subsidiary Companies viz., Wholly Owned Subsidiary - Rane (Madras) International Holdings B.V, The Netherlands, a ('RMIH' / 'WOS') and Step Down Subsidiary (SDS) - Rane Light Metal Castings Inc. USA.

The Company has followed the methodology prescribed under applicable accounting standards for consolidation of financial statements of the subsidiary companies i.e., each line item of income, expenditure, assets and liabilities have been consolidated one hundred percent. On consolidation, the assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average of daily exchange rates prevailing during the year.

The financial statements of the subsidiary Companies are not attached in terms of the provisions of Section 136 of the Companies Act, 2013 as the salient features of financial statements of these subsidiary Companies are provided in Form AOC-1 forming part of this annual report. The consolidated financial statements presented by the Company, which forms part of this annual report, include financial statements of WOS and SDS. The Company has made available the soft copy of the financial statement of the subsidiary Companies to members, as may be required by them, on demand. The annual financial statements of the subsidiary companies have been posted on the website of the Company at [www.ranegroup.com](http://www.ranegroup.com) and also kept open for inspection by any member.

### 2. Board of Directors and Management

#### 2.1. Composition

The composition of the Board of Directors and its Committees, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee are in accordance with Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), wherever applicable. The Board of Directors have also constituted an Executive Committee, Finance Committee, Investment Committee and Issue & Allotment Committee. The Corporate Governance Report given in 'Annexure E' to this report contains an overview of the role, terms of reference, meetings and composition of the Board of Directors of the Company and its Committees.

There is no change in the composition of Board of Directors with reference to the previous year. The terms and conditions of appointment of Independent Directors are available at <http://ranegroup.com/>

[rml\\_investors/terms-of-appointment-of-independent-directors/](#)

All the Directors have affirmed compliance with the Code of Conduct of the Company. The Independent Directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act 2013 (Act) and Regulation 25 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended from time to time. The Board of Directors at its first meeting of the FY 2019-20 has taken on record the declarations and confirmations submitted by the Independent Directors. During the year, the Board had not appointed any person as an Alternate Director for Independent Directors on the Board. The Company has obtained a certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

#### 2.2. Retirement by rotation

Mr. Lakshman Lakshminarayan, Director (DIN: 00012554) is retiring by rotation at the ensuing 16<sup>th</sup> Annual General Meeting (AGM), being eligible, he offers himself for re-appointment. The proposal for re-appointment of Mr. L Lakshman as a Director is included in the notice convening the 16<sup>th</sup> AGM.

#### 2.3. Board and Committee Meetings

The schedule of meetings of the Board of Directors and Committees of the Board is circulated to the Directors in advance. During the year, five (5) Board Meetings were held, the details of which are given in the Corporate Governance Report. The gap between any two consecutive meetings of the Board of Directors was less than 120 days. The details of Committee meetings are provided in the Corporate Governance Report.

#### 2.4. Meeting of Independent Directors

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

#### 2.5. Board evaluation

During the year, the Board carried out an annual evaluation of its performance as well as of the working of its Committees and individual Directors, including Chairman of the Board. This exercise was carried out through a structured questionnaire as per the criteria laid down by Nomination and Remuneration

Committee. The performance evaluation of the Chairman was also reviewed by Independent Directors at the separate meeting of Independent Directors held during the year.

The evaluation methodology, questionnaire and process for evaluation of the Board as a whole was judiciously formulated to take detailed insights or views of the Directors on strategic areas like:

- Scope and adequacy of risk management framework;
- Effectiveness of the succession planning and leadership development initiatives;
- Robustness of the internal audit and statutory compliance practices;
- Information Technology security including cyber security systems; and
- Comprehensiveness of the Board agenda materials.

The Chairman's evaluation was carried out with an unbiased approach through peer evaluation seeking detailed views on the performance areas like driving business goals, board room interactions, making organization future ready, contribution in terms of active management and connecting with long term strategic values. All the Directors were also subject to peer evaluation, mainly on aspects relating to independence, understanding of the automotive sector and commitment towards corporate governance and developing a healthy Board.

The outcome of the evaluation is also generally considered by the Nomination and Remuneration Committee (NRC) while considering re-appointments of Directors on the Board and appointment in various Committees. The key areas of improvement emerging through this exercise was discussed by the Chairman with the other Board members and the action plans were initiated on matters of strategic and long term importance, succession planning, leadership developments and IT initiatives.

## **2.6. Familiarisation program for Independent Directors**

The familiarisation program for Independent Directors and details of familiarization programmes to Independent Directors are available at the web-link : [http://ranegroup.com/rml\\_investors/familiarisation-programme-for-independent-directors/](http://ranegroup.com/rml_investors/familiarisation-programme-for-independent-directors/).

## **2.7. Key Managerial Personnel**

During the year under review, Ms. J Radha resigned as the CFO with effect from September 30, 2019 and the Board of Directors appointed Mr. B GnanaSambandam as CFO with effect from October 21, 2019

Mr. S Parthasarathy retired as CEO of the Company with effect from December 31, 2019 and the Board of Directors, based on the recommendations of Nomination and Remuneration Committee (NRC),

appointed Ms. Gowri Kailasam, President, Steering and Linkages Division (SLD), as Manager with effect from January 21, 2020, pursuant to Section 196, 203 and other applicable provisions of the Companies Act, 2013. Her appointment as a 'Manager' is subject to the approval of the shareholders at the ensuing AGM.

Ms. Gowri Kailasam, President - SLD & Manager, Mr. B GnanaSambandam, Chief Financial Officer (CFO) and Ms. S Subha Shree, Secretary, hold the office of Key Managerial Personnel (KMP), respectively, within the meaning of Section 2(51) of the Companies Act, 2013.

## **2.8. Remuneration policy**

The policy contains criteria for determining positive qualifications, positive attributes, independence of a Director and also covers aspects of remuneration which is reasonable and sufficient to attract, retain and motivate Directors / high potential employees to run the company successfully.

The policy on appointment and remuneration of Directors, KMP and Senior Management Personnel (SMP) as laid down by the NRC of the Board is available at the web-link [https://ranegroup.com/rml\\_investors/policy-on-appointment-remuneration-of-directors-kmp-smp/](https://ranegroup.com/rml_investors/policy-on-appointment-remuneration-of-directors-kmp-smp/).

In accordance with the said policy, approval was obtained from the shareholders in terms of Regulation 17(6)(ca) of SEBI LODR at the 15<sup>th</sup> AGM held July 24, 2019 for payment of remuneration to Mr. L Ganesh, Chairman, an amount exceeding 50% of total annual remuneration payable to other Non-Executive Director, for the FY ended March 31, 2019. The details of remuneration paid / payable to the Directors during the financial year 2019-20 is furnished in the Corporate Governance Report annexed to this report of the Board.

In addition to the approval already obtained from shareholders by way of a special resolution under Section 197 of the Companies Act, 2013 and the Rules made thereunder, specific approval of shareholders is sought again, pursuant to the provisions of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (SEBI LODR), for payment of commission to Mr. L Ganesh for FY 2019-20.

## **3. Audit and allied matters**

### **3.1. Audit Committee**

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

### 3.2. Statutory Auditor

M/s. Deloitte Haskins & Sells (DHS) were appointed in their second term as Statutory Auditor at the 13<sup>th</sup> Annual General Meeting (AGM) held on August 24, 2017, for a period of five years, i.e., until the conclusion of the 18<sup>th</sup> AGM (2022).

For the year under review, DHS have confirmed that they do not suffer from any disqualification under Section 141 of the Companies Act, 2013 and the rules made thereunder. DHS have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India.

DHS has not reported any instance of fraud under Section 143(12) of the Companies Act, 2013 requiring disclosure under Section 134(3)(ca) of the Companies Act, 2013. The Statutory Auditor report to the members for the year ended March 31, 2020 does not contain any qualification, reservation, adverse remark or disclaimer.

DHS are also the Statutory Auditors of the holding company, viz., Rane Holdings Limited (RHL), and are completing the statutorily prescribed period of ten years in two consecutive terms at the 84<sup>th</sup> AGM 2020 of RHL. In order to enable the statutory auditors of the holding company to effectively perform the audit procedures envisaged under the SEBI LODR regulations with respect to audit of the component entities viz., subsidiaries and associates, it is considered desirable to have common statutory auditors both for RHL and the Company, being subsidiary of RHL, to rationalise the cost and efforts.

Accordingly, DHS have expressed their intention to resign as Statutory Auditors of the Company effective from the conclusion of this ensuing 16<sup>th</sup> Annual General Meeting of the Company. The Audit Committee and Board of Directors of the Company, at their respective meetings held on June 18, 2020 have taken note of this intention of DHS.

The Audit Committee and Board of Directors, after a detailed review of the profile, experience and expertise of few audit firms / entities, have recommended the appointment of M/s BSR & Co., LLP, as Statutory Auditors of the Company, for approval of the members at the ensuing 16<sup>th</sup> Annual General Meeting of the Company (2020). Necessary resolution relating to their appointment is contained in the notice convening 16<sup>th</sup> Annual General Meeting.

### 3.3. Cost Audit & Maintenance of Cost records

The appointment of Cost Auditor is not applicable to the Company under Companies (Cost Records and Audit) Rules, 2014. Further, the Company does not manufacture any specified products which necessitate the maintenance of cost records as prescribed under Section 148(1) of the Act.

### 3.4. Secretarial Auditor

M/s. S Krishnamurthy & Co., a firm of Company Secretaries in Practice, have been appointed by the

Board of Directors in terms of Section 204 of the Companies Act, 2013 as Secretarial Auditors of the Company for the FY 2019-20. The Secretarial Audit report given in 'Annexure B' was taken on record by the Board of Directors at its meeting held on June 18, 2020. The report does not contain any qualification, reservation, adverse remark or disclaimer.

The Annual Secretarial Compliance Report, (hereinafter referred to as 'compliance report') for FY 2019-20 issued by M/s. S Krishnamurthy & Co. confirms compliance with securities laws applicable to the Company and the same has been taken on record by the Board of Directors at their meeting held on June 18, 2020. The compliance report does not contain any qualification, reservation, adverse remark or disclaimer and the Board has approved filing of the same with the stock exchanges.

### 3.5. Internal Auditor

M/s. Capri Assurance and Advisory Services, a firm of independent assurance service professionals, continues to be the Internal Auditor of the Company. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, review of statutory and legal compliances with applicable statutes / laws and assessing the internal control strengths in all these areas. Internal Auditor findings are discussed with the process owners and suitable corrective actions taken as per the directions of the Audit Committee on a regular basis to improve efficiency in operations. The Internal Auditor reports directly to the Audit Committee and the Audit Committee while reviewing their performance scope, functioning, periodicity and methodology for conducting the internal audit, has taken into consideration their confirmation to the effect that their infrastructure viz., internal audit structure, staffing and seniority of the officials proposed to be deployed etc., are adequate and commensurate to the scope, functioning, periodicity and methodology for conducting the internal audit.

For FY 2019-20, the Audit Committee has inter- alia taken on record their certification to the effect that:

- a. They have evaluated the internal control systems and risk management systems and reviewed the risk management systems and the management's process of identification and mitigation of risks and controls;
- b. There were no significant findings requiring follow-up there on and there were no matters of suspected fraud or irregularity or a failure of internal control systems of material nature requiring investigation or reporting to the Audit Committee / Board;
- c. Internal control systems of the Company for financial reporting are adequate and are operating effectively throughout the year;

- d. There were no deficiencies in the design or operation of internal controls;
- e. There were no significant changes in the internal control over financial reporting during the year under review;
- f. There were no instances of fraud or involvement therein of management or an employee having a significant role in the entity's internal control system over financial reporting; and
- g. The Company has a proper system for ensuring compliance with all applicable laws and the same is adequate and working effectively.

#### **4. Directors' Responsibility Statement**

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- d) they had prepared the financial statements for the financial year on a 'going concern' basis;
- e) they had laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

#### **5. Related Party Transactions**

All Related Party Transactions (RPT) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. The Company has not entered into any transaction of material nature with any of the promoters, directors, management or relatives or subsidiaries etc., except for those disclosed in 'Annexure G' of this report. There are no materially significant related party transactions entered into by the Company with Related Parties which may have potential conflict with the interest of the Company at large.

All RPTs are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are entered into in the ordinary course of business and are repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are reviewed by the Audit Committee on a quarterly basis.

The Company has put in place a proper system for identification and monitoring of such transactions. Save as disclosed in this report none of the Directors or Key Managerial Personnel has any pecuniary relationships or transactions with the Company. The policy on Related Party Transactions as approved is available at the web-link at [http://ranegroup.com/rml\\_investors/policy-on-related-party-transactions/](http://ranegroup.com/rml_investors/policy-on-related-party-transactions/).

None of the Directors or Key Managerial Personnel or Senior Management Personnel has any material, financial and commercial transactions (except in respect of their remuneration), which may have potential conflict with interest of the Company at large.

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

The Rane Group's vision on Corporate Social Responsibility (CSR) is: "To be socially and environmentally responsible corporate citizen". The CSR activities of Rane Group focus on four specific areas viz.: (a) Education (b) Healthcare (c) Community Development; and (d) Environment.

The CSR Committee of the Board is responsible for recommending CSR projects and activities to the Board in line with the CSR policy. The CSR committee monitors and reviews the implementation of CSR activities periodically.

The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee comprising Mr. L Lakshman, Committee Chairman, Mr. L Ganesh, Chairman of the Board and Ms. Anita Ramachandran, Independent Director, as its members.

During the year, the Company has contributed a sum of ₹ 104.29 lakhs on various CSR activities as per the CSR policy and recommendations of the CSR Committee. The 'Annexure C' to this report contains the annual report on CSR activities of the Company for FY 2019-20. The CSR policy of the Company is posted on our website at the web-link [http://ranegroup.com/rml\\_investors/corporate-social-responsibility-policy/](http://ranegroup.com/rml_investors/corporate-social-responsibility-policy/).

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

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

## 8. Particulars of Directors, Key Managerial Personnel and Employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors, KMP and employees of the Company are provided as Annexure to this report

## 9. Corporate Governance Report

Your Company is committed to maintaining the highest standards of corporate governance and effective compliance with the regulatory norms under the SEBI regulations and other laws and regulations applicable to the Company. The Corporate Governance report and the certificate by the Statutory Auditors be annexed as 'Annexure E' to this report.

## 10. Business Responsibility Report

The Business Responsibility Report as applicable to the Company in terms of Regulation 34(2) of SEBI LODR for the FY 2019-20 is provided in 'Annexure H' to this report. The Company practices various business responsibility initiatives as per the Business Responsibility framework of the Rane Group. This framework is developed and steered at Rane group under the able leadership and guidance of Mr. L Ganesh, Chairman of Rane Group who is also responsible for the implementation of the Business Responsibility initiatives.

## 11. Risk Management

The Company has laid down well-structured procedures for monitoring the Risk Management plan and implementing risk mitigation measures and it has been elaborately discussed under the Management Discussion and Analysis Report which forms part of the annual report.

## 12. Other disclosures

- a) The details of loan, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.
- b) The Internal control systems and its adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Directors Report.
- c) There was no significant / material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.
- d) The policies approved and adopted by the Board have been made available on the Corporate Governance section of the Investor page on the website of the Company viz. [www.ranegroup.com](http://www.ranegroup.com).
- e) The extract of the Annual Return under Section 92(3) of the Companies Act, 2013 in form MGT-9 is available in 'Annexure F' to this report.
- f) The Company has complied with the applicable secretarial standards viz., SS-1 on meetings of

Board of Directors and SS-2 on General Meetings issued by Institute of Company Secretaries of India (ICSI) as per Section 118(10) of the Companies Act, 2013.

- g) The details regarding shares and dividend transferred / proposed to be transferred to the Investor Education and Protection Fund (IEPF) and other relevant details in this regard, have been provided in the corporate governance section of this annual report.
- h) The Company does not accept any deposits falling under the provisions of Section 73 of the Companies Act, 2013 and the rules framed thereunder.
- i) The Company has established a formal vigil mechanism named 'Rane Whistle Blower Policy' for reporting improper or unethical practices or actions which are violative of the code of conduct of the Company.

The policy which is also available on the intranet portal of the Company provides adequate safeguard against victimisation and has provided direct access to the Chairman of the Audit Committee for by the employees and state their complaints / grievances.

- j) The Company has always provided a congenial atmosphere for work that is free from discrimination or harassment and has provided equal opportunities of employment to all irrespective of their caste, religion, colour, marital status and sex. The Company believes that women should be able to do their work in a safe and respectful environment that encourages maximum productivity. The Company has a zero tolerance towards sexual harassment. The Company has adopted a policy on prevention of sexual harassment of women at work place and put in place proper dissemination mechanism across the Company. The Company has carried out awareness programmes / sessions on the mechanism established under this policy, across its various locations. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee (ICC) under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), comprising of Presiding Officers and members with an appropriate mix of employees and external subject matter experts. During the period, the details of complaints received / resolved or pending are as under:

No. of complaints received during the the FY- 1  
No. of complaints disposed during the FY- 1  
No. of complaints pending as of end of the FY- Nil  
k) The electronic copies of the annual report and the notice convening the 16<sup>th</sup> AGM would be sent to the members whose e-mail addresses are

registered with the Company or their respective Depository Participants (DP). In terms of General Circulars no. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 and 20/2020 dated May 05, 2020 issued by the Ministry of Corporate Affairs (MCA) read with SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 12, 2020, the Company has not printed physical copies of the annual report for distribution. The full Annual Report shall be made available on the website of the Company and shall also be disseminated to the stock exchanges where shares of the Company are listed.

I) **Annual General Meeting**

In view of the government advisories issued on travel / public gatherings, in combating the COVID-19 pandemic and as a measure of public safety to support the health and well-being of all stakeholders, the 16<sup>th</sup> AGM would be conducted through video conferencing or other audio visual

means on August 07, 2020 at 15:00 hrs (IST), as per the framework notified by the Ministry of Corporate Affairs. The notice convening the 16<sup>th</sup> AGM contains detailed instructions and notes in this regard.

**Acknowledgement**

We thank our customers, investors, suppliers, vendors, bankers, government and regulatory authorities and other business associates for their continued support in successful performance of the Company. We place on record our appreciation for the committed services of all our employees.

**For and on behalf of the Board**

Chennai June 18, 2020	Harish Lakshman Vice-Chairman DIN: 00012602	Ganesh Lakshminarayan Chairman DIN: 00012583
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## Annexure - A to the Report of the Board of Directors

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Company Overview

Rane (Madras) Limited (RML) manufactures steering and suspension linkage products, steering gear products and specialized aluminium high pressure die-casting products. The Company is a significant supplier to major manufacturers of Passenger Vehicles (PV), Utility Vehicles (UV) and Farm Tractors (FT) in India and globally. The Company operates predominantly in a single reportable segment viz., components for the transportation industry.

## 2. Economic Review

### 2.1 Global Economy

According to the International Monetary Fund (IMF), Global economy is estimated to have grown at 2.9% in 2019, slower pace compared to 2018. This was primarily driven on the back of increasing trade tensions between US and China which led to decline in global manufacturing activity and trade. The slowdown in activity was severe across emerging market and developing economies, including Brazil, China, India, Mexico, and Russia, as well as a few economies suffering from macroeconomic and financial stress. Increasing uncertainty in the economic environment amid rising tariffs and rapid shifts in trade policies resulted in deteriorating business confidence and dampened investment growth across most regions. Sluggish demand for durable goods led to sharp decline in capital spending and international trade flow was severely impacted.

According to the IMF, the global economy is projected to contract sharply by 3.0% in 2020 amid the spread of the novel coronavirus which has significantly disrupted economic activity leading to weakening global demand and massive decline in investment and global trade. However, the IMF believes that there will be revival in growth after the impact of pandemic fades during the second half of 2020 and that the global economy is projected to grow by 5.8% in 2021. In an attempt to limit the economic and financial fallout from the coronavirus pandemic, various countries have adopted monetary easing and fiscal stimulus to revive the economy. Though the economy is likely to remain under stress in the near term, containment of ongoing contagion risk, pause in trade war, improving liquidity condition coupled with low oil prices is likely to bring stability to the battered economy.

### 2.2 Indian Economy

According to IMF, India's economy is estimated to have grown at 4.2% in FY20, significantly slower rate than in FY19. The slowdown can be attributed to ongoing stress among Non-Banking Financial Companies (NBFCs), which resulted in credit squeeze

and negatively impacted consumption, investment and exports. The government announced several measures to revive the economy which includes capital infusion into public sector banks to improve liquidity and push credit off take, merger of public sector banks to enhance credit capacity, reduction in policy rates, sharp cut in corporate tax rate, sops for real estate for last mile funding for stalled projects and support to NBFCs under the Partial Credit Guarantee Scheme.

The Covid-19 pandemic has disrupted trade and manufacturing activity and brought the economy to a standstill. The Central Bank reduced policy rates and injected liquidity in the system to counter the looming threat of slowdown and kick-start the economy. The current estimates from various agencies suggest that Indian economy is expected to decline in FY21 due to the impact of deadly coronavirus on the manufacturing and trading activity.

## 3. Industry Review

### 3.1 Global Automobile Industry

U.S. auto sales declined slightly in 2019 on the back of tariff woes, increasing popularity of ride sharing services and rising car prices. Automakers sold more than 17 million vehicles in the U.S. for a fifth consecutive year in 2019 demonstrating underlying resilience. Low gas prices, favourable lending terms on the back of Fed rate cuts, low unemployment rates, healthy consumer sentiment and robust wage growth were tailwinds for U.S. auto sales in 2019. The National Automobile Dealers Association (NADA) has cut its forecast for U.S. new-vehicle sales in 2020 and expects it to be between 13.0 million to 13.5 million as the coronavirus pandemic spreads across the U.S. Additionally, record amount of non-housing debt, slowing retail spending, worsening consumer credit and rising defaults are some of the key concerns for the US auto industry.

According to European Automobile Manufacturers' Association (ACEA), the European new-car registrations increased by 1.2% across the European Union, the seventh consecutive year of growth, reaching more than 15.3 million units. Despite starting the year on a weak note due to the lasting impact of the introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) in September 2018, pre-buy towards the end-of-the-year ahead of regulation changes helped in pushing the full year growth higher. In December 2019, sales rose 21.7% which compensated for lower sales in the earlier months. Results were diverse among the five major EU markets, Germany (+5.0%) recorded the largest increase last year, followed by France (+1.9%) and Italy (+0.3%). By contrast, both Spain (-4.8%) and the United Kingdom (-2.4%) saw demand fall in 2019.

Based on various market estimates Europe's auto sales is likely to contract by 25% due to coronavirus pandemic.

The global auto industry has entered into a new decade with unprecedented challenges and opportunities. The industry which was already reeling under tremendous pressure on the back of trade war and tough emission standards is now facing the heat of economic slowdown owing to the Covid-19 pandemic. However, growth is expected to pick up in the long term after the impact of the pandemic subsides. Going forward, stringent emission and safety standards, coupled with growing digitalization in vehicles is likely to result in increasing focus in the areas of Connectivity, Autonomy, Shared Mobility, and Electrification of vehicles (CASE).

### 3.2. Indian Automobile Industry

The Indian automobile industry faced major headwinds during the fiscal year as demand environment remained severely impacted by slowdown in economy. The industry continued to face severe challenges in terms of credit availability owing to liquidity crisis in the NBFC sector, rising cost of vehicle ownership and stiff competition from growing organised pre-owned vehicle market.

The Passenger Vehicle (PV) segment experienced decline of 15% affected by weak consumer sentiment, credit availability, higher purchase prices on account of insurance regulation and confusion around BS VI and EV transition. The decline in PV demand could also be partly attributed to the rising penetration of shared mobility and marginal shift toward pre-owned cars especially in entry-level segments. Slew of innovative launches amid growing preference for Utility Vehicles (UV) resulted in slight growth of 2% whereas the Passenger Cars volume declined by 20%.

The Commercial Vehicle (CV) segment volumes declined by 33%. The weaker economy resulted in lesser cargo demand and slower pace of infrastructure projects. Upward revision of axle load norms coupled with falling freight rates dented demand environment. The medium and heavy commercial vehicles (M&HCV) segment was significantly impacted with volumes declining 47% due to increased capacity post axle load norm revision along with poor freight availability, falling freight rates and slowdown in execution of infrastructure projects. The Light Commercial Vehicles (LCV) segment reported volume decline of 22% owing to slowdown in private consumption and weak finance availability. The Small Commercial Vehicles segment reported volume decline of 25%.

The farm tractor segment experienced decline of 14% owing to low yield of rabi crops in 2019, erratic monsoon resulting in delayed sowing and lower demand from non-farm and export markets.

Industry Segment (Production figures)	Growth in % (YoY change)	
	FY20	FY19
Passenger Cars (PC)	(20)	(1.3)
Utility Vehicles (UV)	2	0.5
Multi Purpose Vans (MPV)	(38)	20.6
Passenger Vehicles (PV)	(15)	0.1
Small Commercial Vehicles (SCV)	(25)	39.7
Light Commercial Vehicles (LCV)	(22)	12.4
Medium & Heavy Commercial Vehicles (M& HCV)	(47)	28.4
Commercial Vehicles (CV)	(33)	24.1
Farm Tractors (FT)	(14)	11.3

Source: Society of Indian Automobile Manufacturers (SIAM)

### 4. Business Review

#### 4.1 Domestic Market

The Company's sales witnessed 21% decline in the domestic market. The performance of the Steering and Linkage Division was impacted by the overall slowdown in the Indian Economy and the automotive sector. However, the Company took additional efforts to increase its market share through penetration on various models.

The Light Metal Casting India business was impacted due to platform specific decline in the served market. These are being partially offset with the winning of new programs from the targeted customers but with the inevitable time lag.

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

Products	₹ in Crores		
	FY20	FY19	Growth in %
Steering Gear Products	445.61	522.76	(15%)
Suspension and Linkage Products	264.69	380.29	(30%)
Hydraulic Products	40.41	58.55	(31%)
Light Metal Casting Products	32.33	38.08	(15%)
Other Automotive Parts	42.03	48.79	(14%)
<b>Total</b>	<b>825.07</b>	<b>1,048.47</b>	<b>(21%)</b>

Given the downturn in the OE segment, greater focus was given to both the independent aftermarket as well as supply of spares through OEMs. Introduction of new parts, widening of the range, improving the market reach through Mega Meets with retailers and mechanics in major markets, helped the Company in sustaining market position in this segment. But for the impact due to the COVID crisis, this segment would have sustained its business.

The break-up of domestic sales between Original Equipment Manufacturers (OEMs) and Aftermarket is given below:

Market	FY20	FY19	(₹ in Crores) Growth in %
OEM & OES	661.16	864.24	(23%)
Aftermarket	163.91	184.23	(11%)
Total	825.07	1048.47	(21%)

#### 4.2 Exports

The revenue from exports declined 17% in FY20. This was caused by a drop-in linkage business due to end of life in some programs and lower off take in the served models. However, the Company won significant new business in North America for Ball joints which will set the Company on a significant growth trajectory in the coming years.

The Steering Gear business consolidated its position in the share of the All-Terrain Vehicle (ATV) segment in North America. The Steering Gear order for Passenger Car application will commence next year which will enhance the revenue from Exports.

The Light Metal Casting business witnessed decline as the consumer preference shifted towards SUVs resulting in pre-closure of entry level car segment by North American automaker. The Light Metal Casting business is diversifying its portfolio by pursuing both new OEMs and new product segments, which will enhance growth potential.

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

Products	FY20	FY19	(₹ in Crores) Growth in %
Suspension	53.11	71.71	(26%)
Linkage Products	123.24	120.28	2%
Steering Gear Products	3.39	1.36	149%
Hydraulic Products	47.46	82.00	(42%)
Light Metal Casting Products	3.32	3.50	(5%)
Other Automotive Parts	230.52	278.85	(17%)

#### 4.3 Operational and Financial Performance

##### 4.3.1 Financial Review

###### Standalone Financial Highlights

The Company ended with a Sales of ₹1,055.59 crores, a decline of 20% over last year, mainly because of the overall slowdown in the Indian Automotive sector. The significant cost reduction in both variable and fixed costs helped to partially mitigate the impact of drop in volume.

- Revenue from sale of products decreased to ₹1,055.59 crore in FY20 from ₹1,327.32 crore in FY19.
- EBITDA (before exceptional items) decreased to ₹98.50 crore in FY20 from ₹151.74 crore in FY19.
- Net Loss of ₹24.43 crore in FY20 as against a PAT of ₹47.24 crore in FY19

The significant change in respect of Interest Coverage ratio and operating profit margin is primarily due to drop in volumes across key segments in both domestic and export markets which resulted in a drop in contribution in FY 20 as compared to the previous year. In addition to aforementioned, an impairment loss of Rs. 37.58 crores on investment in wholly owned step down subsidiary further impacted the net profit margin despite various aggressive fixed cost reduction measures put in place.

There is no significant change in other ratios. The return on networth declined to (8%) for FY 20 as against 16.4% for FY 19 due to aforementioned reasons and also due to the general slowdown in the automobile sector during FY 20.

###### Consolidated Financial Highlights

- Revenue from sale of products decreased to ₹1,228.35 crore in FY20 from ₹1,506.16 crore in FY19.
- EBITDA (before exceptional items) decreased to ₹60.34 crore in FY 2019-20 from ₹125.87 crore in FY19.
- Net Loss of ₹45.51 crore in FY20 as against a PAT of ₹2.42 crore in FY19.

The significant change in respect of Interest Coverage ratio, operating profit margin and net profit margin is primarily due to drop in volumes across key segments in both domestic and export markets which translated to a drop in contribution in FY 20 as compared to the previous year, despite various aggressive fixed cost reduction measures put in place. In addition to aforementioned, cost escalation on account of reconditioning and refurbishing of old machines at Step Down Subsidiary in USA and the effect on sales due to COVID-19 in the latter part of the financial year impacted the Company and subsidiaries at consolidated level.

There is no significant change in other ratios. The return on networth declined to (22%) for FY 20 as against 1.1% for FY 19 due to aforementioned reasons and further was exacerbated by the accumulated losses of the overseas subsidiary.

##### 4.3.2 Operations and Manufacturing Review

In the Steering and Linkages business, the demand as stated was below capacity but the Operations responded well by optimizing the resources and sustaining efficiency levels. In addition, significant cost saving projects were executed in various elements of

costs to minimize the impact due to lower volumes and the inflationary pressures.

The operations team also ensured customer deliveries without any major over runs or premium freight. There were several new products across all segments which were developed and delivered and met the customer target dates. The team continued to enhance lean measures to improve utilisation, productivity and optimize manpower. Significant tooling improvements, identifying and developing suppliers for critical traditionally in-house parts helped the Company optimise capital expenditure in FY20.

The R&D facilities were upgraded both at Chennai and at Puducherry to meet the increased product performance requirements and also to support the new product development. The Company also successfully developed several new products to meet the future growth aspirations of the Company and help diversify its portfolio.

In the Light Metal Casting business, significant focus was placed on operational improvement in the areas of robustness in manufacturing process, cost reduction and effective tool management, which resulted in reduction of manufacturing cost. Specific initiatives were executed to improve the availability of the machines and cycle time reduction in Casting and Machining to improve productivity. These initiatives helped to improve the capacity enhancement with existing assets.

#### **4.4 Rane Light Metal Castings Inc. (formerly known as Rane Precision Die Casting Inc.)**

The performance of the Company's overseas subsidiary in North America, Rane Light Metal Casting Inc. (RLMCA) has remained a concern for the Company. During FY20, while downtime of casting section reduced significantly through initiatives such as preventive maintenance and die cast machine rebuilding, unexpected breakdowns of CNC machines resulted in increased manufacturing cost, higher repair and maintenance cost and tooling cost.

During FY 2019-20, RLMCA continued to face challenge of lower off take across served customers and lower than anticipated volumes on new program. However, RLMCA was able to make progress on new business and secured business from one of existing key customers and secured another business from a new non-automotive customer during this year. This required additional investments towards capacity enhancement which was funded by equity and debt.

The performance of US subsidiary continues to remain a challenge, despite taking several measures to revive the business and operations.

The Covid-19 pandemic has significantly impacted the future of this business and this has forced the management to revisit the strategy and limit the investments. The Board will review the performance of the business closely in the next 12 months and take

an appropriate decision, keeping in view the long term interest of shareholders.

#### **Impairment**

The investments made in/loans and guarantees given to the subsidiary companies is evaluated for impairment every year based on the estimated sales volumes and cash flow projections of the subsidiary. The estimation of sales volume is based on management assessment of securing new businesses and also considers the economic impact of Covid-19. Based on the valuation as per the current projections, an impairment of ₹ 37.58 Crores is recognized during the fiscal year 2019-20.

#### **4.5 Pursuit of Business Excellence**

The Company continued to focus on the 'Business Excellence Model', which was built on the solid foundation of existing TQM practices. In order to further strengthen this process, we have introduced plant and functional level audit of the practices. The audit is done by the senior management team on a defined frequency.

We have revisited the existing systems and simplified the process through various IT initiatives. These have helped in improving efficiency and effectiveness. Several initiatives to get real time data have been undertaken which will help the organisation to respond to market conditions quickly. As part of long-term planning, core teams have been formed to identify the global market potential and get the organisation ready for global competitiveness.

These measures helped the Company to win 6 customer awards during this year:

- Three awards from Maruti Suzuki in the areas of HR, Safety and Tier 2 supplier improvement
- Best supplier award from TAFE
- Best supplier award from VECV for NPD
- Best supplier award from TML on OES demand fulfilment

#### **4.6 Opportunities and Threats**

India is a growing economy, with an ever-increasing need for a robust transportation network to link its various metros and rural areas. Increase in working-age population, rising prosperity, easier access to finance and increasing affordability is expected to boost demand in the auto component industry.

Economic slowdown due to the Covid-19 pandemic which has paralyzed manufacturing and trading activity has posed serious challenges for the industry in the current year. Moreover, technological changes and environmental regulation continue to weigh on sector. The main threats to which auto component industry is exposed to are:

- Economic slowdown leading to contraction in demand remains one of the major threats which could lead to decreased volumes and capacity utilization.

- Continuing cost reduction demand from OEMs from whom the major portion of the future growth is expected to come
- Increasing commodity prices and volatile forex movements.

#### 4.7 Outlook

The spread of the Coronavirus pandemic is likely to result in severe contraction in global economy resulting in job losses, weak demand environment and stress in financial markets. The auto sector which has been going through its worst slowdown with slump in demand amid weak consumer sentiment and an uncertain regulatory environment is likely to face further headwinds during the first half of the fiscal 2021 owing to adverse economic impact of Covid-19 and cost push from new emission norms. Moreover, exports could be impacted owing to challenges being faced by the global auto industry in terms of slowing demand. However, the impact of the pandemic is likely to remain in the short term. In the medium term the Indian auto component manufacturers have the opportunity to establish themselves as preferred manufacturing suppliers to the global auto industry.

The Steering and Linkages business expected to have a challenging year in the context of the prevailing business environment. Business development activities will continue although the impact of Covid-19 on vehicles launch strategies of OEMs is yet to be determined.

Having stabilised operations in the domestic plants, the domestic light metal casting business is now pursuing new export businesses to drive growth. The US subsidiary is focused on getting new business and improving operational efficiencies.

#### 5. Risk Management

The Company has laid down well-structured procedures for monitoring the risk management plan and implementing the risk mitigation measures. The risks are broadly classified into strategic risks, operational risks, financial risks and statutory compliance risks. These risks are rated based on factors such as past year experience, probability of occurrence, probability of non-detection and their impact on the business. The top management reviews the strategic risks, and the risks with high probability and high impact every quarter and presents its report along with a risk mitigation plan to the Board of Directors on a half-yearly basis. The strategic risks are taken into consideration in the annual planning process with their mitigation plan. Other risks are covered as part of internal audit process and presented to the Audit Committee every quarter. The business process risks and the related controls are subjected to internal audit and reviewed on a quarterly basis. The risk ratings are revalidated with the top management as part of the internal audit process every quarter. The overall reassessment of risks at Company level is carried out and presented to the Board of Directors once in two years for their review.

Risk	Nature of Risk	Risk Mitigation Strategies
Strategic	Quality	<p>Risk of product recall in growing International Business</p> <p>The Company constantly strives to:</p> <ul style="list-style-type: none"> <li>Increase product liability coverage</li> <li>Establish robust process and Improve NPD quality through 'Safe Launch Process'</li> <li>Fully automated assembly line with inbuilt quality controls, traceability for new export customers</li> </ul>
	International Growth	<p>Risk of dependence on one Customer for International Business Growth</p> <p>The Company is targeting business development with other Global Steering gear suppliers</p>
Quality/Processes	Quality and delivery are sacrosanct for safety critical products supplied by the Group	<p>Skilled workforce, imparting job skill enhancement training, enhancing supplier capabilities and robust manufacturing processes help the Company mitigate quality and delivery risks.</p>
People Risk	Attrition of key personnel could impact business operations and growth	<p>The Company's HR processes are constantly upgraded to attract, retain and develop talent. The performance management system and other employee engagement initiatives help develop and retain talent. Further employee feedback is obtained and improvements in People Process are made to sustain the Great Place to Work (GPTW) Certification.</p>
Operational Raw Material (Input) Price Risk	Material cost is a significant part of the cost and volatility in the price of raw material costs and will erode margin	<p>The Company constantly strives to mitigate the input cost increases by:</p> <ol style="list-style-type: none"> <li>Working on cost-reduction initiatives through alternate sourcing, localization, etc.</li> <li>Negotiating and passing through input cost, which increases suitably, to the customers.</li> <li>Working on process improvements, yield improvements, etc.</li> </ol>

**Financial**

Currency Risk	<p>Exposed to foreign currency exchange risk as we export our products to various countries and import raw materials</p>	<p>The Company uses a multi-pronged approach as suitable to the scenarios. This approach includes:</p> <ul style="list-style-type: none"> <li>a) Optimally balancing the import and export to create natural hedge</li> <li>b) Working with customer to index prices to mitigate currency fluctuations</li> <li>c) Taking simple forwards on a rolling basis to protect its export realization</li> </ul>
Interest Rate Risk	<p>Use of borrowings to fund expansion exposes the Company to interest rate risk</p>	<p>The Company manages interest rate risk on the following basis:</p> <ul style="list-style-type: none"> <li>a) Maintaining optimal debt-equity levels</li> <li>b) Using internal accruals to fund expansion</li> <li>c) Constantly optimising working capital to reduce interest costs</li> </ul>

## 6. Human Resource Development and Industrial Relations

### 6.1. Talent Development Initiatives

In FY20, the Company focused on the following competency enhancement initiatives:

#### Leadership Development

- Young Leadership Development (YLD) Batch-3 was rolled out for first time managers and matured individual contributors. 8 participants underwent 4 days of facilitator led workshop delivered in two modules. The third module, an online learning plan curated from various open sources of learning, based on the conceptual underpinnings of the outbound experiential learning.
- As part of High Potential Leadership Development (HPLD) Batch-6,3 participants are working on action learning projects in teams within their respective businesses. The high impact projects which they are working on is enhancing market share in hydro static steering systems in farm tractor segment and securing new business for Battery box & Cover. These projects were reviewed continuously by senior executives and peer learning session was organized to facilitate cross-learning.
- "Leader as Coach" Batch - 2 was launched to cultivate appreciation of behavioural change and encourage the culture of development. Leaders were provided with insights on the elements of individual development through the concept of breakdown, skill, practices & reflection and four different dimensions of individual development as part of facilitator led sessions. 4 leaders are undergoing the 10-month learning journey and have completed the first module comprising of 2 days of classroom session and one-on-one interaction with the coach.

#### Rane Manufacturing Systems Professional Programme (RMSP)

13 participants from Batch-1 completed their 18-month learning journey. As part of course completion, the

assessors were invited to share their feedback on the various projects handled by the participants.6 participants were awarded with cash prize and merit certificate on the basis of final evaluation by Jury. 6 participants from Batch 3 completed the course and are due for final evaluation. 14 participants from Batch 5 and 7 are undergoing their RMSP learning journey.

#### Managerial & Technical Competency Development Programs

58 programs were organized during the year comprising of Manufacturing Systems, General Management, Soft Skills and Business Specific. Design for Manufacturing, QC Methodology, Customized SAP programs were organized as part of business specific programs. Manufacturing Systems programs such as Low Cost Automation, Noise, Vibration & Harshness, Value Engineering were also organised. Plant & Functional Heads underwent "Making an Informed Choice" program and were provided with insights and skills on talent assessment & demonstrating Rane employer brand promise with the candidates.

### 6.2. Employee Engagement and Well-being

The Company believes in enhancing employees' everyday experiences and in building meaningful workplace relationships. Employee feedback surveys and discussions help us by providing insights on what is important to employees. The follow up mechanism ensures that change and progress occur. In recognition of our efforts, four of our Group Companies including the Company have been certified as Great Place to Work (GPTW) companies and GPTW score of all business units have increased in comparison with the previous year.

With an objective to promote a culture of well-being and improving health outcomes, the company organises wellness events, renders wellness services and provides supplementary resources. The Company rolled out an app based workplace wellness program where employees compete in wellness goals through challenges such as stepathon.

### 6.3. Digital Initiatives

**Learning Management System (LMS)** - To transform the learning experience of employees and fast track the competency enhancement, Rane Institute for Employee Development (RIED) rolled out LMS. The platform will facilitate the learning cycle of employees through enabling self-nomination, supporting multiple learning methods and identifying & tracking individual's developmental needs thus promoting a learner centric approach culture. This new age platform provides several features such as virtual classrooms, 360-degree feedback, digital library and tracking of learning effectiveness.

**Kick-start** is a mobile application that provides consistent induction experience to all the new hires. The platform provides micro-learning content on Rane Group's mission, products, policies etc. leading to better learnings results and business outcomes and improving the engagement levels significantly.

To facilitate the whistle blowers to report instances of unethical behaviours securely, a workflow was rolled-out. The entire cycle of reporting to resolution compliance has been addressed through the whistle blowing management system.

### 6.4. Industrial Relations

During the financial year, long-term wage settlements with employee's union were signed in one of the plants. The industrial relations were generally cordial in all the plants. A group level industrial relations council was constituted with the objective of co-creating a healthy working environment by promoting peace and harmony among all the segments of employees. The focus areas for the council includes interpretation and implementation of legislations, workforce mix planning for optimal deployment and sharing best practices.

## 7. Corporate Social Responsibility (CSR)

RML continues to be a very responsible corporate citizen and places significant weightage on carrying out its Corporate Social Responsibility duties and create a positive impact on the society. The Company is committed to make meaningful contribution to the society as part of our CSR initiatives.

RML contributed to Rane Foundation (RF), the CSR arm of Rane Group, which primarily focused on Education and Healthcare in 2019-20.

### Education

The Rane Polytechnic, established at Trichy in the year 2011, under the aegis of Rane Foundation has stepped into its ninth academic year. The institution was accredited by the National Board of Accreditation (NBA) for its Diploma in Mechanical Engineering program in 2017 and re-accredited for 3 years till 2022 in 2019-20. Over the last few batches, 1284 students have completed their diploma program, of which, 212 students will complete the program in last academic year. Over 90% of the students were placed

through campus interview. The institution endeavours to offer quality technical education and sustainable development to the rural youth.

Rane Foundation embarked on its next major project, opening of a school named 'Rane Vidyalaya' in Trichy in June 2018. Rane Vidyalaya is recognised by Directorate of School Education, Tamilnadu and is affiliated to the Central Board of Secondary Education, New Delhi. In 2019-20, it operated with a student strength of 235, for standards Kindergarten to V.

### Healthcare

In the healthcare space, the foundation extended support for the following initiatives:

- To physically challenged people in and around Tiruchirappalli through Freedom Trust. With the help of qualified Doctors and paramedical staff, a disability assessment camp was conducted in Spastics Society Campus, Tiruchirappalli District and mobility aids were distributed to 35 beneficiaries as part of this project.
- Towards constructing a state of the art hospital that will lay emphasis on improving diagnostics and treatment options for breast cancer, by Shri Dhanvantri Trust. The name of the upcoming hospital is "Chennai Breast Cancer Research Foundation".

Other major CSR activities carried out by the Company during the financial year under review are given below:

- **Education** - The Company continues to support the mid-day meal programme for the students (265) of Government School (Mysore, Karnataka) leading to sustained higher attendance rates. The company has also sponsored school fees to orphan children in the Varanavasi area, it has also renovated the computer lab in the Government Primary school at Rudrapur that benefitted 40 children.
- **Community Development** - Joining hands with police department, CCTV cameras were installed near the Varanavasi junction which will help to protect women and community from potential crimes. Also traffic blinkers have been installed to provide warning thereby preventing accidents.
- As part of our water conservation initiatives, underground drinking water supply facility was provided to Thiruvandarkoil Village near our Puduchery facility benefitting 50 villagers. Joining hands with the local industrial community, desilting of ponds and increasing the bund heights in the Kalitheerthalkuppam Village which is near the Varanavasi plant increased the water retention thereby benefitting 400 villagers in that area.
- As part of community development initiative, we have created shelter for a deaf and dumb family at Haldwani near our Uttaranchal plant.

**CSR Monitoring mechanism** - To ensure continued service of all our CSR initiatives, we monitor

the previous two-year projects through regular visits and extend our support in maintaining the facilities.

#### 8. Internal Control Systems

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

The internal audit function is carried out by 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, reviews and approves the annual internal

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

#### 9. Cautionary Statement

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

Annexure - B to the Report of the Board of Directors

# SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2020

Form No. MR-3

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

To the Members of  
**Rane (Madras) Limited**  
[CIN: L65993TN2004PLC052856]  
"Maithri", No.132, Cathedral Road,  
Chennai - 600 086.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RANE (MADRAS) LIMITED** ('the Company') during the Financial Year from April 01, 2019 to March 31, 2020 ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on:

- (i) Our examination / verification of the books, papers, Minute books and other records maintained by the Company and furnished to us, forms and returns filed and compliance related actions taken by the Company, during the year as well as after March 31, 2020, but before the issue of this report;
- (ii) Certificates confirming compliance with all laws applicable to the Company, given by the directors / key managerial personnel of the Company, and noted by the Board of Directors;
- (iii) Report regarding compliance with certain factory related laws, given by the Internal Auditors and noted by the Audit Committee; and
- (iv) Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the Financial Year ended on March 31, 2020, the Company has complied with the statutory provisions listed hereunder and has Board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as 'Annexure - A'.

## 1. Compliance with specific statutory provisions

We further report that:

- 1.1 We have examined the books, papers, Minute books and other records maintained by the Company, the

forms, returns, reports, disclosures and information filed, submitted or disseminated during the year, according to the applicable provisions / clauses of:

- (i) The Companies Act, 2013, and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder.
- (iii) The Depositories Act, 1996, and the regulations and bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Overseas Direct Investment ('FEMA').
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR').
- (vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ('Agreements').
- (vii) Secretarial Standards issued by The Institute of Company Secretaries of India ('Secretarial Standards').

- 1.2 During the period under review, and also considering the compliance related action taken by the Company after March 31, 2020, but before the issue of this report, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

- (i) The Company has complied with the applicable provisions of the Act, Rules and Regulations mentioned in paragraph 1.1 (i) to (iv) above.
- (ii) The Company has complied with the applicable provisions of the SEBI Regulations and Agreements mentioned in paragraph 1.1 (v) and (vi) above.
- (iii) The Company has complied with the Secretarial Standards on 'Meetings of the Board of Directors'

(SS-1) and 'General Meetings' (SS-2) mentioned in paragraph 1.1 (vii) above, to the extent applicable to Board meetings and General meetings. Secretarial Standards on 'Dividend' (SS-3) and Secretarial Standards - 4 (SS-4) on 'Report of the Board of Directors', being non-mandatory, have not been adopted by the Company.

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

- (i) The Company was not required to comply with the following laws / rules / regulations and consequently was not required to maintain any books, papers, Minute books or other records or file any forms or returns under:
  - (a) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Foreign Direct Investment and External Commercial Borrowings;
  - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with clients;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and
  - (g) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.
- (ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.

## 2. Board processes

We further report that:

### 2.1 Board constitution and balance

- (i) The constitution of the Board of directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR.
- (ii) As on March 31, 2020, the Board of Directors of the Company comprises of:
  - (a) 3 (three) Non-Executive Non-Independent Directors; and

- (b) 3 (three) Independent Directors, including 1 (one) Independent Woman Director.
- (iii) The Company was not required to appoint an Executive Director since it has appointed a whole-time key managerial personnel in the position of Chief Executive Officer (upto December 31, 2019) / Manager (from January 21, 2020), in terms of Section 203(1)(i) of the Companies Act, 2013.
- (iv) The process relating to the following change in the composition of the Board of Directors during the year, was carried out in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR:
  - (a) Re-appointment of Mr. Harish Lakshman (DIN: 00012602) as a Director, upon retirement by rotation at the 15<sup>th</sup> Annual General Meeting held on July 24, 2019.

### 2.2 Board meetings

- (i) Adequate notice was given to all the directors to enable them plan their schedule for the Board Meetings.
- (ii) Notice of Board meetings was sent to all the directors atleast 7 (seven) days in advance.
- (iii) Agenda and detailed notes on agenda were sent to the directors atleast 7 (seven) days before the Board meetings, with the exception of the following items, which were either circulated separately or at the Board meetings, with the requisite consent from the Board of directors as required under SS-1:
  - (a) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
  - (b) Additional subjects / information / presentations and supplementary notes.

- (iv) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

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

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

### 3. Compliance mechanism

We further report that:

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

### 4. Specific events / actions

We further report that, during the audit period, the following events / actions having a major bearing on

the Company's affairs, took place in pursuance of the above referred laws, rules, regulations and standards:

**A. Issue of warrants and allotment of shares to Rane Holdings Limited**

Pursuant to the approval accorded by the members at the Extra-ordinary General Meeting held on December 9, 2019, 17,42,160 warrants of ₹ 10/- each, were allotted on preferential basis to Rane Holdings Limited (RHL), the holding company, on December 18, 2019, upon receipt of the warrant subscription price of ₹ 71.75/- per warrant (being 25% of the issue price of ₹ 287/- per equity share) aggregating to ₹ 12.50 crores. The warrants are convertible into 17,42,160 Equity shares of ₹ 10/- each, fully paid-up, at a price of ₹ 287/- per equity share, upon application by RHL and payment of the warrant exercise price of ₹ 215.25/- per warrant, on or before the expiry of 18 (eighteen) months from the date of allotment.

5,80,720 Equity shares of ₹ 10/- each, were allotted to RHL on March 20, 2020, pursuant to conversion of 5,80,720 warrants, out of the 17,42,160 warrants allotted on December 18, 2019, and receipt of the warrant exercise price

of ₹ 215.25/- per warrant (being the balance 75% of the issue price of ₹ 287/- per equity share) aggregating to ₹ 12.50 crores. Consequent to this allotment, the shareholding of RHL in the Company increased from 73,80,678 Equity shares of ₹ 10/- each (61.64%) to 79,61,398 Equity shares of ₹ 10/- each (63.42%).

**B. Overseas Direct Investment in Rane (Madras) International Holdings B.V.**

Further Investment of Euro 12.094 million in Non-Cumulative Redeemable Preference Shares (NCRPS) of Rane (Madras) International Holdings B.V., The Netherlands, wholly-owned subsidiary of the Company.

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

**K. Sriram**

Partner

Membership No.: 6312  
Certificate of Practice No.: 2215  
UDIN: F006312B000352108

Chennai  
June 18, 2020

Annexure - A to Secretarial Audit Report of even date

To the Members of  
**Rane (Madras) Limited**  
[CIN: L65993TN2004PLC052856]  
"Maithri", No.132, Cathedral Road,  
Chennai - 600 086.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended March 31, 2020, is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
4. While forming an opinion on compliance and issuing this report, we have taken an overall view, based on the compliance practices and procedures followed by the Company. We have considered:
  - (a) Compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as

being in compliance with law, wherever there was scope for multiple interpretations.

- (b) Compliance related actions taken by the Company after March 31, 2020, but before the issue of this report; and
  - (c) Notifications / Circulars issued by the Ministry of Corporate Affairs / the Securities and Exchange Board of India / Reserve Bank of India, in respect of relaxation of time-lines for certain compliances as mentioned therein.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Companies Act, 2013.
  6. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
  7. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Chennai  
June 18, 2020

**K. Sriram**  
Partner  
Membership No.: 6312  
Certificate of Practice No.: 2215  
UDIN: F006312B000352108

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

**ANNUAL REPORT ON CSR ACTIVITIES**

for the Financial Year 2019 - 20

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

The Company's CSR vision is committed to contributing towards its societal responsibilities beyond statutory obligations. The Company's Corporate Social Responsibility (CSR) philosophy is to function in a socially and environmentally sustainable manner recognizing the interests of all its stakeholders.

Our CSR vision is '**to be a socially and environmentally responsible corporate citizen**'. We believe that being a responsible corporate citizen is central to our purpose and values, allowing ourselves to inspire trust amongst our business partners and motivate people to make the right choices for the business, communities and planet. Our belief in good citizenship drives us to create maximum impact in areas of:

- (a) Education
- (b) Health Care
- (c) Environment
- (d) Community Development

The policy on CSR recommended by the CSR Committee was approved and adopted by the Board of Directors is available on the website of the Company at web link: [https://rane-group.com/rml\\_investors/corporate-social-responsibility-policy/](https://rane-group.com/rml_investors/corporate-social-responsibility-policy/).

**Overview of projects implemented during FY 2019-20**

- Contributed fund towards Rane Foundation or promotion of education at RPTC & Rane Vidyalaya
- Free Mid-day meal to Government school children
- Sponsoring of school fees to orphan children
- Renovation of old computer lab in Government school
- RO plant installation at Government School
- Installation of CCTV cameras
- Installation of Traffic blinkers
- Desilting the ponds for water conservation
- Extend underground Drinking Water Supply facility in Village

- Construction of shelter for deaf-mute family in slum area

**The Composition of the CSR Committee**

The Company has constituted a robust governance structure to oversee the implementation of the CSR projects, in compliance with the requirements of Section 135 of the Companies Act, 2013. The CSR governance structure of RML is headed by the Board CSR Committee. The Board CSR Committee grants auxiliary power to the Management CSR Committee of the Company to act on their behalf. The members of the CSR committee are:

Board CSR committee	Management CSR committee
Mr. L Lakshman, Committee Chairman, Non-Executive & Promoter Director	Ms. Gowri Kailasam - Manager & President - SLD Mr. D Sundar, President - LMCI
Mr. L Ganesh, Committee Member, Non-Executive & Promoter Director	Mr. B Gnanasambandam, Senior Vice President - Finance & CFO
Ms. Anita Ramachandran, Committee Member, Non-Executive & Independent Director	Mr. A Makesh, Senior Vice President - Human Resource and Materials

- Average net profit of the Company for last three financial years**

(₹ in Crores)

Particulars	2016-17	2017-18	2018-19
Net profit for the year (PAT)	18.96	41.81	47.24
Adjusted Net profit (as per Section 198)	25.37	60.53	70.67
Average Net profit		52.19	

- Prescribed CSR Expenditure (two per cent of the amount as in item 2 above): ₹ 104.00 Lakhs**

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

- (a) Total amount to be spent for the financial year: ₹ 104.29 Lakhs
- (b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Activity	Sector in which activity is covered	Project / Programs 1) Local Area / Other 2) District (State)	Budget	Amount Spend - Subheads 1) Direct 2) Implementing Agency	Cumulative Expenditure upto the reporting period	(₹ in Lakhs)
1	Promoting education including special education and employment enhancing vocational skills especially among children, women, elderly and differently abled persons.		Other - Trichy (Tamil Nadu)	86.70	86.70	86.70	Implementing Agency: Rane Foundation (Registered Trust): 86.70
2	To provide education to children through Rane Foundation		Local - Mysore (Karnataka)	4.00	4.00	90.70	Implementing Agency: Rane Foundation (Registered Trust): 4.00
3	Education	Improving the nutritional status of children at Koorgalli Higher Primary Govt. School which encourages poor children, belonging to disadvantaged sections, to attend school more regularly and help them concentrate on classroom activities	Local - Mysore (Karnataka)	2.50	2.50	93.20	Implementing Agency: The Akshaya Patra Foundation (Registered Trust): 2.50
4	Sponsoring of school fees to orphan children		Local - Varanavasi (Kancheepuram)	0.17	0.17	93.37	Implementing Agency: Gladden Children Home: 0.17
5	To Provide infrastructure facility to Government school		Local - Rudrapur (Uttaranchal)	0.10	0.10	93.47	Direct
6	RO plant installation at Government School		Local - Varanavasi (Kancheepuram)	0.42	0.42	93.89	Direct
7	Health Care	Nutrition Programme - to increase the longevity of HIV infected kids, provide them with protein supplements to help increase their immunity.	Local - Medak, Hyderabad (Telangana)	3.46	3.46	97.35	Implementing Agency: Desire Society, Hyderabad (Registered Trust): 3.46
8	Installation of CCTV camera		Local - Varanavasi (Kancheepuram)	0.76	0.76	98.11	Direct
9	Installation of Traffic blinkers		Local - Varanavasi (Kancheepuram)	2.68	2.68	100.79	Direct
10	Community Development	To desilting the ponds for water conservation	Local - Thirubhuvanai (Pondicherry)	1.00	1.00	101.79	Direct
11		To extend underground Drinking Water Supply facility in Village	Local - Thirubhuvanai (Pondicherry)	2.00	2.00	103.79	Direct
12		Construction of shelter for Deaf-mute family in slum area	Local Rudrapur (Uttaranchal)	0.50	0.50	104.29	Direct
<b>Total</b>				<b>104.29</b>	<b>104.29</b>		

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

6. **Responsibility statement of the CSR Committee**

The implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies. The Board of the Company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society.

We have undertaken and implemented these projects with careful consideration and these projects are aligned with our vision as provided in our CSR Policy. In line with the requirements of the Companies Act, 2013, we have also instituted monitoring mechanisms to ensure the projects go on smoothly as planned.

**For and on behalf of the Board**

Ganesh  
Lakshminarayan  
Chairman  
DIN:00012583

Chennai  
June 18, 2020

Lakshman  
Lakshminarayan  
Chairman of the  
Committee  
DIN:00012554

Annexure - D to the Report of the Board of Directors

# CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Pursuant to provisions of section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014]

## A. Conservation Of Energy

### Steps taken or impact on conservation, Minimising Power Consumption

- ❖ Increased usage of Renewable Energy Sources - Solar power and Wind Power
- ❖ Supervisory Control and Data Acquisition (SCADA) enabled process optimisation in Heat Treatment to optimize power consumption
- ❖ Design upgradation in machineries to convert into Energy Efficient Machines
- ❖ Energy Efficient LED lights for Shop floor, office and street lights
- ❖ Energy Efficient 5 star rated air conditioners for all new applications
- ❖ Rain water harvesting and recharge pits to improve the ground water level
- ❖ Water conservation through mist type taps resulting in 75% reduction in consumption in water taps

### Waste Elimination

- ❖ Projects identified with Reduce / Reuse / Recycle concept to minimize the wastes
- ❖ Design improvement of clamping system in machineries to reduce power consumption in Compressors
- ❖ Implementation of Variable Frequency Drive to optimise power consumption of motors
- ❖ Compressed air consumption reduction through pneumatic line routing modification
- ❖ Reduce the utility power consumption by switching off entire plant during low demand period through better planning
- ❖ Reduce power consumption through automatic temperature control for cooling tower fan
- ❖ Implementation of returnable containers for finished goods to eliminate carton box

### Impact of such conservation projects

- ❖ Achieved water positive in one of the plants through various water conservation techniques
- ❖ Enhanced usage of electricity from renewable energy sources which are environment friendly and helps in Co2 emission reduction

### Steps taken for utilising alternate sources of energy

- ❖ Renewable energy source - Solar Power is added in addition to Wind Power

### Capital Investment in Energy Conservation Equipment - Nil

## B. Technology Absorption

### Efforts towards Technology Absorption

Research and Development plays a vital role in creating and adopting new technologies to enhance our efficiencies. As part of this initiative, we have taken various steps to improve our manufacturing capability to produce best quality products and be at par / exceed the global competitors. Some of the steps are mentioned below:

- ❖ Designed and developed fully automatic assembly station as part of Industry 4.0 initiatives
- ❖ Special process is optimized through SCADA in Heat Treatment
- ❖ Skiving process introduced in Hydraulic cylinders to achieve superior quality requirements comparing to global standards
- ❖ Designed and developed in-house software - Shop Floor Management System - to facilitate service departments support to shop floor operations and implemented in all the plants.

### Benefits derived (Product Improvement, Cost reduction, Product development or import substitution)

### Product Improvement / Product Development

Company is consistently focusing on initiatives towards improving product performance based on a clear technology road map. Detailed action plans are arrived from this road map and are driven and monitored for their effective implementation. Few of such projects are:

- ❖ Application of low friction grease to reduce the steering gear friction
- ❖ Improved Pinion quality from DIN class 10 to DIN class 8 to reduce the torque fluctuations.
- ❖ Noise reduction in Stabilizer link for a leading MUV manufacturer
- ❖ Developed Light Weighting Ball joints
- ❖ Developed Cylinders for Farm Implements

**Cost Reduction**

Similarly cost reduction initiative is an important element of management. In addition to cost reduction initiatives like Productivity Improvement in Process, we consistently optimize products through Value Analysis and Value Engineering process (VAVE) in consultation with customers. Few of the initiatives are:

- ❖ Housing weight optimisation through Finite Element Analysis (FEA)
- ❖ Alternate sourcing for Mounting bush, Housing casting and Yoke cover lock nut
- ❖ CEW tube adoption for Hydraulic cylinders
- ❖ HSU seal localization with reduced weight

**Details of Imported Technology (during the last 3 years reckoned from the beginning of the FY 2019 -20)**

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

**Research and Development expenditure incurred**

Sl. No.	Particulars	(₹ in Crores)	
		2019-20	2018-19
A	Capital expenditure	3.34	2.91
B	Recurring expenditure	9.68	6.99
C	Total	13.02	9.90
D	Total R & D expenses as a percentage of total turnover	1.18%	0.72%

**C. Foreign Exchange Earnings And Outgo**

Foreign Exchange	(₹ in Crores)	
	2019-20	2018-19
Earnings	201.59	250.18
Outgo	51.98	73.88

**For and on behalf of the Board**

Chennai June 18, 2020	Harish Lakshman Vice-Chairman DIN: 00012602	Ganesh Lakshminarayyan Chairman DIN: 00012583
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Annexure - E to the Report of the Board of Directors

# CORPORATE GOVERNANCE REPORT

## 1. Philosophy on Code of Governance

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

Rane Group, being a good corporate citizen, complies and fully abides by the laws and regulations of the land, both in letter and spirit. Our belief in good corporate citizenship enshrined in the Company's Code of Conduct, its policies, compliance with law and robust internal control systems, which are subjected to regular assessment, drives its effectiveness, reinforces integrity of management and fairness in dealing with all the stakeholders. This meets with all statutory and regulatory compliance including those under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

The Company recognises the rights of all its stakeholders and encourages co-operation between the Company and its stakeholders to enable their participation in the corporate governance process as enshrined in the Ethical Standards of Behaviour - RANE COMPASS.

## 2. Board of Directors

### Composition, Attendance & Meetings

The Board comprises six Non-Executive Directors with half of them being Independent Directors. The Chairman of the Board is a Non-Executive Chairman. There are no Alternate Directors on the Board. The woman Director of the Company is an Independent Director. The composition of the Board is aimed at maintaining an appropriate balance of skills,

background, experience and knowledge of the Board for guiding the Company in achieving its objectives in a sustainable manner and the composition of the Board as at end of FY 2019-20 is in conformity with Regulation 17 of SEBI LODR.

To the best of our knowledge and information furnished to the Board, total Directorships held by the Directors are within the limits prescribed under Section 165 of the Companies Act, 2013 (Act) read with Regulation 17A of SEBI LODR. In compliance with Regulation 25 of SEBI LODR, none of the Independent Directors serve as Independent Director in more than seven (7) listed Companies and where any Independent Director is serving as Whole-Time Director in a listed Company, he/she serves as an Independent Director in not more than three (3) listed Companies. Similarly, none of the Directors on the Board is a member of more than 10 Committees or Chairperson of more than 5 Committees across all listed and unlisted public companies in which he/she is a Director in terms of Regulation 26 of SEBI LODR. The Directors periodically notify the Company about changes in their Directorship / Committee positions as and when they take place.

During the year the Board of Directors met five (5) times on May 23, 2019; July 24, 2019; October 21, 2019; January 21, 2020 and March 17, 2020 and requisite quorum was present throughout these meetings. The Company facilitates the participation of the Directors in Board / Committee meetings through video conferencing or other audio-visual mode, on matters other than those restricted as per applicable laws for the time being in force. The details of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year, the number of Directorships and Committee memberships / chairperson position(s) held by them in other public Companies as on March 31, 2020 are given below:

Name of the Director / (DIN)	Category in the Company	No. of Board meetings attended	Attendance at the last AGM (July 24, 2019)	Number of Directorship in other public Companies #		Number of Committees Membership @	
				Chairperson	Member	Chairperson	Member
Mr. Ganesh Lakshminarayan (00012583)	Chairman, Non-Executive & Promoter	5	Yes	3	5	-	7
Mr. Harish Lakshman (00012602)	Vice Chairman, Non-Executive & Promoter	5	Yes	1	5	1	1
Ms. Anita Ramachandran (00118188)	Non-Executive & Independent	5	Yes	-	7	-	4
Mr. Lakshman Lakshminarayan (00012554)	Non-Executive & Promoter	5	Yes	-	4	1	3

Name of the Director / (DIN)	Category in the Company	No. of Board meetings attended	Attendance at the last AGM (July 24, 2019)	Number of Directorship in other public Companies #		Number of Committees Membership @	
				Chairperson	Member	Chairperson	Member
Mr. Muthuswami Lakshminarayan (00064750)	Non-Executive & Independent	4	Yes	1	7	3	8
Mr. Pradip Kumar Bishnoi (00732640)	Non-Executive & Independent	5	Yes	-	2	-	2

# excludes Directorships held on the Boards of private Companies, Section 8 Companies, debt listed companies and Companies incorporated outside India and includes Chairpersonship & Directorship held in a deemed public company.

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

The details of other Directorship held by the Directors of this Company in other listed entities are as on March 31, 2020 is as under:

Name of Director	Name of the listed entity	Category of Directorship
Mr. L Ganesh	Rane Brake Lining Limited	Chairman, Non-Executive & Promoter
	Rane Engine Valve Limited	Chairman, Non-Executive & Promoter *
	Rane Holdings Limited	Chairman & Managing Director & Promoter
	EIH Limited	Non-Executive & Independent
	EIH Associated Hotels Limited	Non-Executive & Independent
Mr. Harish Lakshman	Rane Brake Lining Limited	Non-Executive & Promoter
	Rane Engine Valve Limited	Vice Chairman, Non-Executive & Promoter
	Rane Holdings Limited	Vice Chairman & Joint Managing Director & Promoter
	Oriental Hotels Limited	Non-Executive & Independent
Ms. Anita Ramachandran	Grasim Industries Limited	Non-Executive & Independent
Mr. L Lakshman	Rane Brake Lining Limited	Non-Executive & Promoter
	Rane Engine Valve Limited	Non-Executive & Promoter
	Rane Holdings Limited	Chairman Emeritus, Non-Executive & Promoter
	SRF Limited	Non-Executive & Independent
	Kirloskar Oil Engines Limited	Non-Executive & Independent
Mr. M Lakshminarayan	Suprajit Engineering Limited	Non-Executive & Independent
	TVS Electronics Limited	Non-Executive & Independent
	WABCO India Limited	Chairman - Non-Executive & Independent
	Wendt (India) Limited	Non-Executive & Independent
	ASM Technologies Limited	Non-Executive & Independent
	Avadh Sugar & Energy Limited	Non-Executive & Independent
Mr. Pradip Kumar Bishnoi	Rane Holdings Limited	Non-Executive & Independent

\* ceased to be the Managing Director in REVL and continues as a Non-Executive Director with effect from April 01, 2020

Mr. L Lakshman is related to Mr. L Ganesh and Mr. Harish Lakshman. There is no inter-se relationship among the other Directors of the Company. The matters specified pursuant to Regulation 17(7) of SEBI LODR under PART A of Schedule II and in particular the annual operating plans and budgets, quarterly results for the Company, minutes of meetings of Audit Committee and other Committees of the Board, quarterly details of foreign exchange exposures, risk management and mitigation measures etc. were discussed by the Board.

An annual calendar for the Board and its Committee meetings was circulated in advance to the Directors and they were provided with a detailed agenda for the meetings to effectively participate in discussions. Post

Board meeting reviews were held by the Chairman with the management, in order to effectively monitor the actions arising out of the decisions, directions and suggestions of the Board and its Committees.

The disclosure regarding meeting of Independent Directors, Board and Directors' performance evaluation are discussed in detail in the Directors Report. In the opinion of Board, the Independent Directors fulfil the conditions specified in SEBI LODR and the provisions of Companies Act, 2013 and are independent of the management.

The Company issues formal letter of appointment to all the Independent Directors, whenever they are

appointed / re-appointed and the terms and conditions of appointment of Independent Directors have also been disclosed in the website of the Company at [www.ranegroup.com](http://www.ranegroup.com).

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

Areas / Fields	Skills / Competence / Expertise	Name of the Director
Industry and Technology	Possessing industrial, technical and operational expertise and experience in automotive, ancillary and emerging technologies and associations with industrial bodies and professional network	Mr. L Ganesh Mr. Harish Lakshman Ms. Anita Ramachandran Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi
Business Development	Experience in driving business success across various geographies, diverse business environment, economic conditions and its cultures and global market opportunities	Mr. L Ganesh Mr. Harish Lakshman Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi
Governance	Having insight into maintaining effective Board and management relationship, protecting stakeholders interest and observing appropriate governance practices.	Mr. L Ganesh Mr. Harish Lakshman Ms. Anita Ramachandran Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi
Allied Disciplines	Expertise or leadership experience in allied disciplines like finance, law, management, sales, marketing, administration, research, corporate governance, technical operations and human resource.	Mr. L Ganesh Mr. Harish Lakshman Ms. Anita Ramachandran Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi

### 3. Audit Committee

#### Composition, Attendance and Meetings

The composition of the Audit Committee of the Board conforms to the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR. The Committee met four (4) times during the year May 23, 2019; July 24, 2019; October 21, 2019 and January 21, 2020 with requisite quorum was present throughout these meetings. The details of members and their attendance are as below:

Name of the Director	Category	No. of meetings attended
Mr. Pradip Kumar Bishnoi	Chairperson, Non - Executive & Independent	4
Ms. Anita Ramachandran	Member, Non - Executive & Independent	4
Mr. M Lakshminarayan	Member, Non - Executive & Independent	3
Mr. L Lakshman	Member, Non - Executive, Promoter	4

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

The Board comprises of qualified members who bring in the required skills, competence and expertise that allows them to make effective contributions to the Board and Committees. The Board ensures and maintains the highest standards of corporate governance. As on March 31, 2020 the skills, expertise and competencies identified by the Board, in the context of the automotive business in which the Company operates and for it to function effectively, inter-alia, are as follows:

Areas / Fields	Skills / Competence / Expertise	Name of the Director
Industry and Technology	Possessing industrial, technical and operational expertise and experience in automotive, ancillary and emerging technologies and associations with industrial bodies and professional network	Mr. L Ganesh Mr. Harish Lakshman Ms. Anita Ramachandran Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi
Business Development	Experience in driving business success across various geographies, diverse business environment, economic conditions and its cultures and global market opportunities	Mr. L Ganesh Mr. Harish Lakshman Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi
Governance	Having insight into maintaining effective Board and management relationship, protecting stakeholders interest and observing appropriate governance practices.	Mr. L Ganesh Mr. Harish Lakshman Ms. Anita Ramachandran Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi
Allied Disciplines	Expertise or leadership experience in allied disciplines like finance, law, management, sales, marketing, administration, research, corporate governance, technical operations and human resource.	Mr. L Ganesh Mr. Harish Lakshman Ms. Anita Ramachandran Mr. M Lakshminarayan Mr. L Lakshman Mr. Pradip Kumar Bishnoi

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

The Statutory Auditor and the Internal Auditor were present as invitees in all the meetings. The Chief Executive Officer (CEO) / Manager, Business Head(s) and Chief Financial Officer (CFO) of the Company attended the meetings by invitation. Based on the requirement, other Directors also attended the meetings by invitation. All the recommendations of the Audit Committee during the year, were considered, accepted and approved by the Board. The Chairman of the Audit Committee was present at the last AGM of the Company held on July 24, 2019.

#### Overall purpose and terms of reference

The purpose of the Audit Committee is to assist the Board of Directors in reviewing the financial information which is disseminated to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of Internal Auditor and overseeing

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

The terms of reference of the Audit Committee are as per the provisions of the SEBI LODR read with Section 177 of the Companies Act, 2013 and other applicable provisions of SEBI LODR and Act, as amended from time to time. In line with these provisions, the Company has framed an Audit Committee Charter, which is subject to review by the Board of Directors.

The terms of reference of the Audit Committee are in line with the provisions of SEBI LODR / Companies Act, 2013 which inter-alia, include review of the following matters :

- Quarterly / Annual financial statements with Statutory Auditor and management before submission to the Board.
- Internal control systems, findings of any internal investigations by the Internal Auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Internal audit function, internal audit reports relating to internal control weaknesses and functioning of whistle blower mechanism and prohibition of insider trading.
- Evaluation of internal financial controls and risk management systems.
- Management discussion and analysis of financial condition, results of operation financial and risk management policies of the Company.
- Defaults, if any, in payments to depositors, shareholders / creditors and the status of the inter-corporate loans and investments for scrutiny in detail.
- Approve related party transactions, including any subsequent modifications thereto.
- Compliance with listing and other legal requirements relating to financial statements.
- Changes, if any, in accounting policies and practices and reasons for the same, major accounting entries involving estimates based on the exercise of judgement by management and significant adjustments made in the financial statements arising out of the audit findings.
- Valuation of undertakings or assets of the company, as and when required.
- Financial statements, in particular, the investments made by any unlisted subsidiary of the Company
- Utilization of loans and/ or advances from/ investment by the company to its subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances / investments
- Recommends appointment of Auditor and their remuneration and approves the appointment of CFO

- Discusses the scope of audit and post-audit area of concern and qualifications, if any, with Statutory Auditor / Internal Auditor.

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

In accordance with the provisions of Companies Act, 2013 read with relevant rules made thereunder and provisions of SEBI LODR, the Audit Committee accords prior approval for all Related party transactions (RPT), including any modifications thereto, as per the policy on RPT. The Audit Committee annually grants omnibus approvals for transactions that are routine or repetitive in nature and which are proposed to be undertaken / entered in the ordinary course of business at arm's length basis. While according omnibus approvals, the Audit Committee takes into consideration the following factors, viz., maximum value of the transactions, including value per transaction, extent and manner of disclosures made to the Audit Committee.

On a quarterly basis, the Audit Committee reviews RPT entered into by the Company pursuant to each of the omnibus approval. The Audit Committee reviews all mandatory information under Part C of Schedule II pursuant to Regulation 18 of SEBI LODR, including review of Internal Auditor observations, statutory compliances.

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

##### Composition, Attendance and Meetings:

The NRC is constituted in terms of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI LODR. The Company Secretary acts as the Secretary to the Committee. The Committee met three (3) times during the year, viz., July 24, 2019, October 21, 2019 and January 21, 2020 with requisite quorum present throughout these meetings. The details of members and their attendance are as below:

Name of the Director	Category	No. of meetings attended
Mr. M Lakshminarayan	Chairman, Non-Executive & Independent	3
Mr. L Ganesh	Member, Non-Executive, Promoter	3
Ms. Anita Ramachandran	Member, Non-Executive & Independent	3
Mr. L Lakshman	Member, Non-Executive, Promoter	3

### Overall purpose and terms of reference

The terms of reference of the NRC are in line with the provisions of SEBI LODR / Companies Act, 2013 and the role of the NRC, inter-alia, are as under:

- To formulate criteria for determining qualifications, positive attributes and Independence of Director for evaluation of performance of Independent Directors and the Board
- To approve the remuneration policy of directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)
- To devise policy on Board diversity
- To provide guidance to the Board on matters relating to appointment of Directors, Independent Directors, KMP and SMP, i.e., the core management team one level below the CEO / Managing Directors
- To evaluate performance, recommend and review remuneration of the Executive Directors based on their performance
- To recommend to the Board, the extension / continuation of term of appointment of Independent Directors based on report of performance evaluation
- To consider and recommend professional indemnity and liability insurance for Directors, KMP and SMP
- To recommend to the Board, all remuneration, in whatever form, payable to senior management

During the year, the NRC, inter alia,

- reviewed the process for evaluation of the Board, its Committee & Directors
- reviewed the compensation benefits of Senior Management Personnel (SMP) and Key Managerial Personnel (KMP) of the Company
- considered and recommended the appointment of Chief Financial Officer
- recommended the appointment & remuneration of Ms. Gowri Kailasam President, Steering and Linkages Division, as Key Managerial Personnel - Manager under the Companies Act, 2013. This appointment was in the vacancy caused due to the retirement of Mr Parthasarathy, Chief Executive Officer

### Remuneration to Non-Executive Directors

In accordance with the said policy and pursuant to approval accorded by the shareholders by way of a special resolution in terms of Section 197 of the Companies Act, 2013 and the Rules made thereunder at the 14<sup>th</sup> AGM held on July 25, 2018, Mr. L Ganesh is entitled to receive commission not exceeding 2% of the net profits of the Company for a period commencing from April 1, 2018 till March 31, 2021, apart from receiving sitting fees.

In terms of Regulation 17(6)(ca) of SEBI LODR at the 15<sup>th</sup> AGM held on July 24, 2019, approval of shareholders was obtained for payment of annual remuneration in the nature of commission apart from sitting fees to Mr. L Ganesh, being a single non-executive Director whose total annual remuneration exceeds fifty per cent of the total annual remuneration payable to all other Non-Executive Directors for the FY ended March 31, 2019.

Therefore in terms of Regulation 17(6)(ca) of SEBI LODR, approval of shareholders is being sought at the ensuing 16<sup>th</sup> AGM for making payment by way of commission to Mr. L Ganesh, being a single Non-Executive Director to receive remuneration exceeding fifty per cent of the total annual remuneration payable to all Non-Executive Directors for the FY under review, i.e. 2019-20.

Other Non-Executive Directors receive sitting fees as remuneration for attending the Board and Committee meetings.

### Remuneration Policy

The policy on appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) is available on the website of the Company at [www.ranegroup.com](http://www.ranegroup.com). This policy is designed to attract, motivate, and retain talented employees who drive the Company's success and aims at aligning compensation to goals of the Company, performance of the individual, internal equity, market trends and industry practices, legal requirements and appropriate governance standards.

### Sitting Fees

The Company has paid sitting fees to all the Directors, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. Except as disclosed herein, the Company has not paid any other remuneration to the Directors. The sitting fees payable per meeting of Board and its Committees are as hereunder:

Type of Meeting	Sitting fees per meeting (₹)
Board	40,000
Audit committee	35,000
Nomination & Remuneration Committee	10,000
Corporate Social Responsibility Committee	5,000
Stakeholders Relationship Committee	5,000
Finance Committee	2,500

The Board of Directors at their meeting held on June 18, 2020 have decided that no sitting fee shall be payable for FY 2020-21, as a gesture of support, in view of the prevailing economic uncertainties due to the COVID-19 pandemic.

### Details of Remuneration paid to Directors

The details of remuneration including sitting fees paid to the directors and their shareholding for the year ended March 31, 2020 are as follows:

Name of the Director	Sitting Fees (₹)	Remuneration (₹)	Shares held as on March 31, 2020
Mr. L Ganesh	2,42,500	29,70,538	839
Mr. Harish Lakshman	2,25,000	-	750
Mr. L Lakshman	4,02,500	-	-
Mr. M Lakshminarayanan	2,95,000	-	-
Ms. Anita Ramachandran	3,75,000	-	-
Mr. Pradip Kumar Bishnoi	3,60,000	-	-

#### Note:

- Commission for the year 2019-20 payable to Mr. L Ganesh, Chairman is pursuant to the approval accorded by shareholders at their 14<sup>th</sup> AGM held on July 25, 2018 and is subject to additional annual approval in terms of Regulation 17(6)(ca) of SEBI LODR which is proposed at the ensuing 16<sup>th</sup> AGM.
- No shares of the Company were pledged by the Directors and there is no stock option scheme prevailing in the Company
- The Company does not have any Managing Director or Whole-time Director and therefore disclosure relating remuneration payable from the holding company or any of the subsidiary companies does not arise.
- Shareholding includes joint holdings & HUF, if any

### 5. Stakeholder's Relationship Committee (SRC)

#### Composition & Attendance of Meetings:

The Stakeholder's Relationship Committee looks into grievances of shareholders and redresses them expeditiously in accordance with Section 178 of the Companies Act, 2013 and as per the requirements under Regulation 20 of SEBI LODR. The Company Secretary is the compliance officer of the Company and acts as the Secretary to the Committee. The Committee met four (4) times during the year, i.e., May 23, 2019; July 24, 2019; October 21, 2019 and January 21, 2020 with requisite quorum present throughout these meetings. The details of members and their attendance are stated below:

Name of the Director	Category	No. of meetings attended
Mr. L Lakshman	Chairman, Non - Executive & Promoter	4
Mr. Harish Lakshman	Member, Non - Executive & Promoter	4
Ms. Pradip Kumar Bishnoi	Member, Non - Executive & Independent	4

#### Overall purpose and terms of reference

The terms of reference of the SRC are framed in line with provisions of SEBI LODR and Companies Act, 2013, inter-alia, are as under:

- To resolve the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- To review measures taken for effective exercise of voting rights by shareholders
- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent
- To review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

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

Nature of Complaint	Received	Resolved	Pending at the end of the year
Non-receipt of Annual Report	2	2	-

The Chairman of the SRC was present at the last AGM of the Company held on July 24, 2019 to answer queries of the stake holders. There are no investor complaints pending unresolved at the end of the financial year 2019-20. During the year under review the SRC also reviewed the Internal Audit report issued to RTA, in line with the SEBI's Circular dated April 20, 2018 and suggested a regular follow-up on the corrective measures taken by RTA, wherever applicable.

## 6. Corporate Social Responsibility (CSR) Committee

Education, Healthcare, Community Development and Environment are the four focus areas under Corporate Social Responsibility (CSR) as per the CSR activities of the Company. The CSR projects and activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee which are in accordance with the areas or subjects specified under the Companies Act, 2013, as amended from time to time. The Committee met once during the year on May 23, 2019 with requisite quorum present throughout the meeting. The Company Secretary acts as the Secretary to the Committee. The details of members and their attendance are stated below:

Name of the Director	Category	No. of meetings attended
Mr. L Lakshman	Chairman, Non - Executive & Promoter	1
Mr. L Ganesh	Member, Non - Executive & Promoter	1
Ms. Anita Ramachandran	Member, Non - Executive & Independent	1

### Overall purpose and terms of reference

The Committee approves the annual CSR report, recommends the annual CSR expenditure budget and CSR activities undertaken for the financial year to the Board. The terms of reference of the Committee are as follows:

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

The report on CSR projects undertaken during the year 2019-20 as approved by the CSR Committee in consultation with the Board is annexed to Report of Board of Directors as 'Annexure C'.

## 7. Other Committees

### Share Transfer Committee:

To expedite the process of share transfers, the Board has delegated the power of share transfer, transmission, dematerialization / rematerialization / split / consolidation / issue of duplicate share certificates etc. to a committee comprising of such senior officials designated from time to time. The Committee meets on a case to case basis to approve

share transfers and transmissions and the details of such transfer / transmissions of securities are placed to the Board. No sitting fees is payable to the committee members.

In compliance with the directions of SEBI, vide notification dated November 30, 2018, towards prohibition of transfer of shares in physical form effective from April 1, 2019 the Company has taken initiatives to reach out to investors holding shares in physical form. There was no transfer of securities in physical form processed during the year except in cases of transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders), if any.

### Finance Committee

A Finance Committee comprising of non-executive Directors viz., Mr. L Ganesh, Mr. L Lakshman and Mr. Harish Lakshman as its members is authorised to approve borrowings as per the delegations made by the Board. The Company Secretary acts as Secretary of the Committee. During the year, the Committee met three(3) times on April 15, 2019, August 07, 2019 and December 03, 2019 to approve matters relating to borrowings. All members attended the meetings except for Mr. Harish Lakshman, who had sought leave of absence for one meeting.

### Executive Committee

An Executive Committee comprising of three Non-Executive Directors viz., Mr. L Ganesh, Mr. Harish Lakshman and Mr. L Lakshman as its members is authorized to carry out activities in connection with change in operation of bank accounts and authorization of officials under various legislations and other administrative matters between two consecutive meetings of the Board. The Company Secretary acts as the Secretary to the Committee. During the year, the Committee met once on September 09, 2019 to approve matters relating to authorizations in connection with lease arrangements and all members of the Committee attended the meeting. No sitting fees is payable to the Committee members.

### Issue and Allotment Committee

The Committee was constituted in connection with the issue of equity shares/ warrants and comprises of three Non-Executive Directors Mr. L Ganesh, Mr. Harish Lakshman and Mr. L Lakshman as its members. During the year, the Committee met three (3) times on November 08, 2019, December 18, 2019 and March 20, 2020.

The members attended the meetings except for Mr. Harish Lakshman, who had sought leave of absence for one meeting. No sitting fees is payable to the Committee members. The Company Secretary acts as Secretary to the Committee.

### Investment Committee

Investment Committee comprising of three Non-Executive Directors viz., Mr. L Ganesh, Mr. Harish Lakshman and Mr. L Lakshman as its members is constituted to explore and in detail study any proposal for acquisition, carry out activities in connection with such proposals, submit recommendations to the Board, make investments and give financial support to Intermediate Holding Company (IHC) or Wholly Owned Subsidiary (WOS) or Step Down Subsidiary (SDS) of the Company, from time to time, within the overall limits approved by the Board. During the year, the Committee met once on October 15, 2019 and all the members of the Committee were present. No sitting fees is payable to the Committee members. The Company Secretary acts as Secretary to the Committee.

### 8. Code of conduct

The Board of Directors has laid down a code of conduct, i.e. "Ethical Standards of Behaviour - RANE COMPASS" for all Board members and employees of the Company

### 9. General Body Meetings

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

Date of AGM	Special resolutions passed	Time	Venue
July 24, 2019 (Fifteenth AGM)	1. Approval under Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the remuneration payable to Mr. L Ganesh (DIN:00012583), Chairman (Non-Executive Director) exceeding fifty percent of the total annual remuneration payable to all Non-Executive Directors.	10:15 hrs	The Music Academy (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai - 600 014
July 25, 2018 (Fourteenth AGM)	No Special resolution was passed	10:15 hrs	
August 24, 2017 (Thirteenth AGM)	1. Re-appointment of Mr. M Lakshminarayanan as an Independent Director for a second term 2. Re-appointment of Ms. Anita Ramachandran as an Independent Director for a second term	10:15 hrs	

During the year, an Extraordinary General Meeting (EGM) was held and the details are as under:

Date of EGM	Special resolutions passed	Time	Venue
December 09, 2019	Issue of warrants on preferential basis	10:15 hrs	The Music Academy (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai - 600 014

There was no resolution passed through postal ballot during the Financial Year 2019-20.

### 10. Other disclosures

- During the year, the Company had not entered into any transaction of material nature with any of the promoters,

in furtherance of its emphasis towards good Corporate Governance practices. The same has been posted on the website of the Company at [https://ranegroup.com/rml\\_investors/code-of-conduct/](https://ranegroup.com/rml_investors/code-of-conduct/). The Board members and Senior Management Personnel have affirmed their compliance with the code of conduct. Declaration from the Manager of the Company to this effect forms part of this report.

### Prevention of Insider Trading

The Board of Directors have formulated "Rane Code to regulate, monitor and report trading by insiders" and Rane Code of practices and procedures for fair disclosure of unpublished price sensitive information" in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, to prevent misuse of any unpublished price sensitive information and prohibit insider trading activity. The code of fair disclosure practices and procedures for unpublished price sensitive information is available at weblink: [http://ranegroup.com/rml\\_investors/code-of-fair-disclosure/](http://ranegroup.com/rml_investors/code-of-fair-disclosure/).

Directors, management or relatives or subsidiaries etc., except for those disclosed in 'Annexure G' to this report of the Board of Directors. The transactions entered with related parties during the year were in the ordinary course at arms' length and not in conflict with the interests of the Company. All routine and periodic transactions with related parties were covered in the omnibus approval of the Audit Committee. The details of the related party transactions as per Ind AS are stated in note no. 34 of the financial statements. The policy on related party transaction is available on the web-link of the Company at [http://ranegroup.com/rml\\_investors/policy-on-related-party-transactions/](http://ranegroup.com/rml_investors/policy-on-related-party-transactions/)

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

- iii. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.
- iv. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
- v. The Company has complied with the following non-mandatory requirements prescribed under Part - E of Schedule II, Chapter IV of the SEBI LODR:
  - maintains an office for Mr. L Ganesh, Chairman (Non-Executive Director) at the registered office of the Company and allows re-imbursement of expenses incurred in performance of his duties.
  - disseminates to the stakeholders financial performance and summary of significant events through earnings / conference calls with investors on quarterly basis.
  - adopts best practices to ensure a regime of financial results / statement with unmodified audit opinion
  - Internal Auditor directly reports to the Audit Committee
- vi. In order to comply with all applicable laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal standards, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate education to dealing personnel, execution, escalation and regular reviews to strengthen compliance management. The STACK is electronically integrated through an online platform (e-STACK) to improve the compliance management system and its efficiency. The master lists of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.
- vii. The Company has no material subsidiary as defined in Regulation 24 of the SEBI LODR. However, the Company has framed a policy for determining "material subsidiary" and the same is available on the web-link at [http://ranegroup.com/rml\\_investors/policy-on-material-subsidiaries/](http://ranegroup.com/rml_investors/policy-on-material-subsidiaries/).
- viii. The Company has obtained a certificate from a Company Secretary in Practice that none of the Director(s) on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director by SEBI / Ministry of Corporate Affairs or any such statutory authority. The Certificate obtained is attached as an Annexure to this report on Corporate Governance.
- ix. The Independent Directors have confirmed and declared that they meet the criteria of 'Independence' as stipulated under Section 149 including the compliance with the code of conduct as prescribed in Schedule - IV of the Companies Act, 2013 and Regulation 16 and Regulation 25 and other provisions of the Act and SEBI LODR, as amended from time to time and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge duties with an objective independent judgment and without any external influence.
- x. In terms of regulation 25 of SEBI LODR the Company has in place policy for Directors and Officers insurance ('D & O insurance') covering all the Independent Directors, for such quantum and for such risks which commensurate to the operations of the Company and in line with the industry standards.
- xi. The CEO / Manager and CFO of the Company have certified to the Board on the integrity of the financial results / statements, effectiveness of internal controls and significant changes in internal control / accounting policies during the year as required under Regulation 17(8) of the SEBI LODR and Companies Act, 2013.
- xii. The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of SEBI LODR.
- xiii. The Board has accepted / considered all the recommendation(s) made by its Committee(s) to the Board in the relevant financial year under review.
- xiv. The total fees for all services paid by the Company to Deloitte Haskins and Sells, Chartered Accountants, Statutory Auditor (DHS) and its network entities are given as under. The subsidiaries have not availed any services from these entities:

(₹ in Crores)

Name of the entity	Paid by the Company	Paid by the Company
	FY 2019-20	FY 2018-19
Deloitte Haskins and Sells, Chartered Accountants (DHS)	0.46	0.47
Network entities and firms of DHS (if any)	0.08	0.10
<b>Total</b>	<b>0.54</b>	<b>0.57</b>

- xv. The shareholders of the Company at their EGM held on December 09, 2019, had approved fund raising for a sum of ₹ 50 crores by way of preferential issue. Pursuant to the same 17,42,160 warrants at an issue price of

₹ 287 per warrant, on preferential basis, were issued and allotted to Rane Holdings Limited, Promoter / Promoter Group, (RHL) for the entire issue size of ₹ 50 crores. As on March 31, 2020, the Company has received ₹ 25.00 crores from RHL towards subscription and partial exercise of warrants and the funds have been utilized in accordance with the objects of the issue. The Audit Committee has also reviewed and noted that there is no deviation / variation in utilization of funds.

xvi. The Company on a periodical basis reviews various policies framed under the Companies Act, 2013 and SEBI LODR and such other statutes as applicable and amends them based on the requirement to ensure conformity with relevant regulatory changes and industry practices.

#### **11. Commodity price risk or foreign exchange risk and hedging activities**

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

#### **12. Whistle blower mechanism**

The Company has a whistle blower policy, which provides the vigil mechanism for reporting with reliable information on any improper or unethical practices or actions which are violative (actual or potential) of the code of the Company by any employee or others dealing with the Company. During the year under review, the working of the policy was reviewed and approval of the Board was secured to amend certain provisions to strengthen and align the internal mechanism for dealing with any reliable information under this policy. It also addresses the protection to whistleblower 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. During the year under review the Board of Directors amended certain provisions to strengthen the policy on procedural matters especially those governing the anonymous disclosures, committees, ombudsperson and timelines for detailed enquiry. No person has been denied access to the ombudsperson / Audit Committee. During the year under review, there were no complaints received or pending for resolution through this mechanism. The whistle blower policy has also been posted in the Company's website at web link: [http://ranegroup.com/rml\\_investors/whistle-blower-policy/](http://ranegroup.com/rml_investors/whistle-blower-policy/).

#### **13. Means of communication**

The quarterly / annual financial results were published in "Business Standard" (English) and "Dinamani" (Tamil). The financial results, shareholding pattern and other disclosures / filings requirements under Regulation 17 to 27 and 46(2)(b) to (i), of SEBI LODR, wherever applicable, were also uploaded in the websites of the Stock Exchanges and the Company viz., [www.ranegroup.com](http://www.ranegroup.com). During the year, presentations were made to analysts / institutional investors and they were also made available in the website of the Company.

During the year, the shareholders of the Company whose e-mail addresses were registered with the Company/ Depository Participants (DPs) were provided with a link to the annual report of the Company via e-mail and those who opted to receive the documents in physical mode were provided with a physical copy.

#### **14. General Shareholder Information**

(i) Information about Director(s) seeking appointment in the ensuing sixteenth (16<sup>th</sup>) Annual General Meeting in compliance with Regulation 26(4) &36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2)

Name of the Director	Mr. Lakshman Lakshminarayanan
Father's Name	Mr. L L Narayan
Director Identification Number (DIN)	00012554
Age (in years)	73
Date of Birth	July 17, 1946
Educational Qualifications	B.E., Executive MBA from London Business School  Mr. L Lakshman had been spearheading the business of Rane Group of companies and has more than 50 years of industrial experience. He provides guidance and mentorship to the management and advisory support in initiatives of strategic importance to the Group's future growth plans.
Date of first appointment on the Board	March 31, 2004
Terms and Conditions of appointment	Appointment as a Non-Executive Director, liable to retire by rotation
Last drawn remuneration	Sitting Fee for FY 2019-20 - ₹ 4,02,500

Remuneration sought to be paid	No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees of which he is a member.
Relationship with other Directors/Manager/KMP	Brother of Mr. L Ganesh and Father of Mr. Harish Lakshman.
Other Directorships	<b>Chairman Emeritus</b> 1. Rane Holdings Limited <b>Director</b> 1. Rane Brake Lining Limited 2. Rane Engine Valve Limited 3. SRF Limited 4. Rane TRW Steering Systems Private Limited 5. Rane NSK Steering Systems Private Limited
Committee Memberships in other Boards	<b>Member - Audit</b> 1. Rane Engine Valve Limited 2. SRF Limited 3. Rane NSK Steering Systems Private Limited 4. Rane TRW Steering Systems Private Limited <b>Member - Nomination and Remuneration</b> 1. Rane Engine Valve Limited 2. Rane Holdings Limited <b>Chairman - Corporate Social Responsibility</b> 1. Rane Holdings Limited 2. Rane Engine Valve Limited 3. Rane Brake Lining Limited 4. Rane NSK Steering Systems Private Limited 5. Rane TRW Steering Systems Private Limited <b>Chairman - Shareholders' Relationship</b> 1. Rane Holdings Limited <b>Member - Corporate Social Responsibility</b> 1. SRF Limited
Number of meetings of the Board attended during the year	Five (5)
Number of equity shares held	Nil

**(ii) Annual General Meeting**

August 07, 2020 (Friday) at 15:00 hrs (IST) through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")

**(iii) Financial Year: April 01, 2020 - March 31, 2021**

**Financial Calendar:**

Board meeting	Tentative schedule
Audited Annual financial results and financial statements* for the year ended March 31, 2020	June 18, 2020
Unaudited financial results* for the 1 <sup>st</sup> quarter ending June 30, 2020	By first week of August 2020
Unaudited financial results* for the 2 <sup>nd</sup> quarter ending September 30, 2020	By fourth week of October 2020
Unaudited financial results* for the 3 <sup>rd</sup> quarter ending December 31, 2020	By fourth week of January 2021

(\*both standalone and consolidated financial statements and financial results)

The above schedule dates are only tentative in nature and may undergo changes due to change in circumstances.

**(iv) Dividend**

The Board of Directors, taking into consideration, the operational performance, financial position of the Company and uncertainties faced by the automotive sector and the Indian economy as a whole, has decided not to declare / recommend any dividend for the Financial Year 2019-20.

**(v) Listing on Stock Exchanges**

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

**Listing Fee**

The shares of the Company are listed on NSE & BSE which provide nationwide access to trade and deal in Company's equity shares across the country. The

Company has paid the Annual Listing fee for the financial year 2020 - 21 to NSE & BSE where the shares of the Company continue to be listed. There shares of the Company were not suspended from trading during the FY 2019-20.

#### (vi) Unpaid / Unclaimed Dividends

Pursuant to the provisions of Section 124 of the Companies Act, 2013, Dividend for the financial year ended March 31, 2013 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 within the respective due dates.

During the year, the Company had transferred to IEPF the unclaimed Final Dividend of ₹ 1,66,868.00/- for the financial year ended March 31, 2012 and Interim Dividend amount of ₹ 98,820.00/- for the financial year ended March 31, 2013 to IEPF on September 06, 2019 and March 19, 2020 respectively. The Company has sent reminder letters to each of the shareholders whose Dividend is remaining unclaimed as per the records available with the Company. Members who have not encashed the Dividend warrants are requested to make their claim to the Company. Information in respect of such unclaimed Dividends when due for transfer to the said fund is given below:

(Amount in ₹)

Year	Date of declaration	Dividend per share#	Amount outstanding in Unclaimed Dividend Account (as on 31-03-2020)^	Last Date for claiming unpaid Dividend	Due date for transfer to IEPF
31.03.2013	18.07.2013	5.00	1,92,715.00	23.08.2020	22.09.2020
31.03.2014	31.07.2014	5.50	1,87,286.00	05.09.2021	05.10.2021
31.03.2015	31.07.2015	4.50	1,87,258.50	06.09.2022	06.10.2022
31.03.2016*	10.03.2016	3.50	1,98,553.50	16.04.2023	16.05.2023
31.03.2017*	23.01.2017	2.00	1,12,100.00	29.02.2024	30.03.2024
31.03.2017	24.08.2017	4.00	1,86,068.00	29.09.2024	29.10.2024
31.03.2018*	23.01.2018	4.50	1,52,928.00	28.02.2025	29.03.2025
31.03.2018	25.07.2018	7.50	1,68,015.00	31.08.2025	30.09.2025
31.03.2019*	22.01.2019	4.00	1,26,620.00	27.02.2026	26.03.2026
31.03.2019	24.07.2019	4.50	1,44,139.50	29.08.2026	28.09.2026

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

\* Interim Dividend

^ amount reflect the confirmation of balance issued by Bank(s)

During the year, the Company had filed with the Registrar of Companies, the details of all unpaid and unclaimed Dividend amounts as on March 31, 2019 in accordance with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The above details were also uploaded on the website of the Company at [www.ranegroup.com](http://www.ranegroup.com).

Section 124(6) of the Companies Act, 2013. MCA has vide General circular No. 16/2020 dated April 13, 2020 issued relaxation in timelines due to COVID-19 pandemic and the Company is taking steps to effect the transfer of shares within such extended timelines, once the normalcy is restored. The details of shares transferred to the IEPF Authority, during the year, are detailed hereunder:

Year from which Dividend has remained unclaimed / unpaid for seven consecutive years	No. of shares transferred
2011 – 12 (Final)	501

The Company has remitted / transferred the dividends declared on the shares already transferred to the IEPF Authority and the details are available in the Company's website at [www.ranegroup.com](http://www.ranegroup.com). The other benefits, if any, arising out of shares already transferred to IEPF Authority will also be received by the IEPF Authority unless those shares are claimed by the shareholders.

No claim shall lie against the Company in respect of any dividend or shares transferred to the IEPF Authority.

However, the shareholders may claim their shares / dividend by filing the electronic request for the same by following the procedure prescribed on the website of IEPF at [www.iepf.gov.in](http://www.iepf.gov.in). The shares relating to unclaimed Dividend for FY 2012-13 (Final) are liable to be transferred to IEPF Authority during the current FY 2020-21. In this regard, the Company shall intimate/ publish notice in newspapers and requisite details would be made available on the Investors section of the Company's website at [www.ranegroup.com](http://www.ranegroup.com). The concerned shareholders are requested to claim their shares before the due dates of transfer of shares to the IEPF, specified therein newspapers and Company website.

#### (viii) Unclaimed share suspense

In accordance with Regulation 39 of SEBI LODR, the Company has previously sent three reminders to the shareholders for getting their confirmation on unclaimed shares. The voting rights of these shareholders shall remain frozen till the rightful owner of such shares claims the same. The movement of unclaimed shares in unclaimed suspense account, during the year are as follows:

Details of Unclaimed Suspense account	Number of shareholders	Outstanding shares
Aggregate at the beginning of the year	7	878
Claim received during the year for transfer	-	-
Shares Transferred during the year	-	-
Balance at the end of the year	7	878

#### (ix) Share Price Data:

The equity shares of the Company are listed and admitted to dealings on two nationwide stock exchanges viz. National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE). The share price data as quoted on the NSE and BSE along with the movement in the respective stock index during the last financial year viz., April 1, 2019 – March 31, 2020 is given below:

Month	BSE		BSE Sensex		NSE		NSE Nifty	
	Share Prices (₹)		High	Low	High	Low	High	Low
	High	Low	High	Low	High	Low	High	Low
April 2019	464.75	340.00	39,487.45	38,460.25	464.65	340.05	11,856.15	11,549.10
May 2019	394.60	321.25	40,124.96	36,956.10	396.70	326.05	12,041.15	11,108.30
June 2019	370.00	298.00	40,312.07	38,870.96	368.45	298.00	12,103.05	11,625.10
July 2019	317.00	222.10	40,032.41	37,128.26	319.50	222.10	11,981.75	10,999.40
August 2019	282.00	200.00	37,807.55	36,102.35	283.90	198.60	11,181.45	10,637.15
September 2019	329.00	249.45	39,441.12	35,987.80	328.00	249.00	11,694.85	10,670.25
October 2019	298.00	243.80	40,392.22	37,415.83	298.75	240.50	11,945.00	11,090.15
November 2019	271.90	225.05	41,163.79	40,014.23	274.95	225.25	12,158.80	11,802.65
December 2019	374.00	211.90	41,809.96	40,135.37	374.25	217.40	12,293.90	11,832.30
January 2020	341.35	270.05	42,273.87	40,476.55	342.65	270.00	12,430.50	11,929.60
February 2020	301.90	211.00	41,709.30	38,219.97	301.85	206.00	12,246.70	11,175.05
March 2020	232.50	130.00	39,083.17	25,638.90	226.00	125.00	11,433.00	7,511.10

source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)

#### (x) Registrar and Transfer Agent

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

**Integrated Registry Management Services Private Limited**  
 SEBI Registration No. INR000000544  
 II Floor, 'Kences Towers', No.1, Ramakrishna Street,  
 North Usman Road, T. Nagar,  
 Chennai - 600 017  
 Phone: 28140801-03, Fax: 28142479, 28143378  
 E-mail ID: [corperv@integratedindia.in](mailto:corperv@integratedindia.in)  
 Website: [www.integratedindia.in](http://www.integratedindia.in)

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

#### (xi) Share Transfer System and Share Capital Audit

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

A reconciliation of share capital audit in terms of regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 is taken up on a quarterly basis and

the report of the PCS is filed with the stock exchanges. The PCS has certified 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, 2020**

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	10,982	90.01	8,96,595	7.14
501 - 1000	510	4.18	4,01,882	3.20
1001 - 2000	329	2.70	4,98,653	3.97
2001 - 3000	139	1.14	3,51,147	2.80
3001 - 4000	62	0.50	2,25,876	1.80
4001 - 5000	40	0.33	1,84,552	1.47
5001 - 10000	83	0.68	6,12,398	4.88
10001 & above	56	0.46	93,82,788	74.74
Total	12,201	100.00	1,25,53,891	100.00

**(xiii) Shares Dematerialization**

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2020, about 99.36% of the shareholdings have been dematerialised. The promoter and promoter group hold their entire shareholding only in dematerialised form. A comparative chart of physical and demat holdings for the current and previous financial year is given below:

**(xiv) Credit Rating**

The details of credit ratings, including revisions, if any, assigned to the debt instruments / total bank loan facilities of the company during the year ended March 31, 2020 are as follows:

Rating Agency	Security - Type	(₹ in Crores)	Credit Rating	Outlook	Status (Assigned / Re-affirmed / Revised / Withdrawn)	Date of credit rating obtained
CRISIL Limited	Long term	127.00	A-	Negative	Re-affirmed	24-04-2020
	Short term	371.00	A2+	-	Withdrawn	
	Commercial Paper	40.00	A2+	-	Revised	15-04-2020
CRISIL Limited	Long term	127.00	A-	Negative	Revised	15-04-2020
	Short term	371.00	A2+	-		
CRISIL Limited	Long term	127.00	A	Stable	Re-affirmed	25-09-2019
	Short term	276.00	A1	-		
	Commercial Paper	40.00	A1	-	Assigned	

**(xvi) Address for communication:**

The Compliance officer  
Rane (Madras) Limited  
Rane Corporate Centre,  
"Maithri", No. 132, Cathedral Road,  
Chennai - 600 086  
Phone: 28112472  
e-mail ID: [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com)

OR

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

**Annexure (i)**

**CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

[In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
 The Members of  
**Rane (Madras) Limited** [CIN: L65993TN2004PLC052856]  
 "Maithri", No.132, Cathedral Road, Chennai - 600 086.

We hereby certify that, in our opinion, none of the Directors on the Board of **RANE (MADRAS) LIMITED** ("the Company") as on March 31, 2020, as listed below, have been debarred or disqualified from being appointed or continuing as Directors of Companies, by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of the Director	Nature of Directorship	Director Identification Number (DIN)
1.	Lakshman Lakshminarayan	Non-Executive, Promoter	00012554
2.	Ganesh Lakshminarayan	Chairman, Non-Executive, Promoter	00012583
3.	Harish Lakshman	Non-Executive, Promoter	00012602
4.	Muthuswami Lakshminarayan	Non-Executive, Independent	00064750
5.	Anita Ramachandran	Non-Executive, Independent	00118188
6.	Pradip Kumar Bishnoi	Non-Executive, Independent	00732640

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

1. Our verification of the information relating to the directors available in the official web site of the Ministry of Corporate Affairs; and
2. Our verification of the disclosures/ declarations/ confirmations provided by the said directors to the Company; and other relevant information, explanation and representations provided by the Company, its officers and agents.

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on this, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the Corporate Governance processes followed by the management of the Company.

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

Chennai  
 June 18, 2020

**K. Sriram,**  
 Partner  
 Membership No.: 6312  
 Certificate of Practice No.: 2215  
 UDIN: F006312B000352229

**Annexure (ii)**

To  
The Members,  
Rane (Madras) Limited

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

I, hereby declare that to the best of my knowledge and information, all the Board members and Senior Management Personnel have affirmed compliance with 'Ethical Standards of Behaviour - RANE COMPASS', the code of conduct, for the year ended March 31, 2020.

Chennai  
June 18, 2020

**Gowri Kailasam**  
Manager

Annexure - (iii)

TO  
THE MEMBERS OF  
RANE (MADRAS) LIMITED

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

1. This certificate is issued in accordance with the terms of our engagement letter dated January 14, 2020.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Rane (Madras) Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.
9. We 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's Registration No.008072S)

Ananthi Amarnath

Partner

(Membership No. 209252)

UDIN:20209252AAAAGO6517

Place: Chennai  
Date: June 25, 2020

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

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended March 31, 2020

Form No. MGT-9

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

**I. Registration and Other Details**

(i)	CIN	:	L65993TN2004PLC052856
(ii)	Registration Date	:	March 31, 2004
(iii)	Name of the Company	:	<b>Rane (Madras) Limited</b>
(iv)	Category - Sub-Category of the Company	:	Public Company - Limited by Shares / Indian / Non-Government Company
(v)	Address of the Registered office and contact details	:	'Maithri', No.132, Cathedral Road, Chennai - 600 086 Phone: 044 - 2811 2472 Website: <a href="http://www.ranegroup.com">www.ranegroup.com</a> E-mail ID: <a href="mailto:investorservices@ranegroup.com">investorservices@ranegroup.com</a>
(vi)	Whether listed Company	:	Yes
(vii)	Name, Address and Contact details Registrar and Transfer Agent, if any	:	<b>Integrated Registry Management Services Private Limited</b> II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017 e-mail ID: <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a> , Phone: 044 2814 0801; Fax: 044 2814 2479 Contact person: Mr. K Suresh Babu, Director

**II. Principal Business Activities of the Company**

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

Sl. No.	Name and Description of main products - services	NIC Code of the Product- service	% to total turnover of the company
1	Steering gear products	29301	53.89
2	Steering and Suspension Linkage Products	29301	30.11
3	Other articles of aluminium	2432	7.56

**III. Particulars of Holding, Subsidiary and Associate Companies**

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Rane Holdings Limited (RHL) "Maithri", No.132, Cathedral Road, Chennai - 600086, Tamil Nadu, India	L35999TN1936PLC002202	Holding Company	63.42%	2(46)
2	Rane (Madras) International Holdings B.V., (RMIH) Hoogoorddreef15,1101 BA Amsterdam, The Netherlands	Not applicable	Subsidiary Company	100%	2(87)(ii)
3	Rane Light Metal Castings Inc. (LMCA) (formerly known as Rane Precision Die Casting Inc.), 232 Hopkinsville Road, Russellville, Kentucky - 42276-1280, United States of America	Not applicable	Step-Down Subsidiary Company	100%	2(87)(ii)

**IV. Share Holding Pattern (Equity Share Capital break-up as percentage of Total Equity)**

During the year, the Company has allotted 5,80,720 equity shares having facing face value of ₹10, fully paid to Rane Holdings Limited on March 20, 2020. Accordingly, the percentage of shareholding for each category and shareholder(s) in this section are computed based on paid up share capital as on March 31, 2019 and March 31, 2020, respectively. Hence, the percentages are not comparable.

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter(s)</b>									
(1) Indian									
(a) Individual- HUF	65,928	-	65,928	0.55	65,928	-	65,928	0.53	(0.02)
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	73,80,678	-	73,80,678	61.64	79,61,398	-	79,61,398	63.42	1.77
(e) Banks - FI	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>74,46,606</b>	-	<b>74,46,606</b>	<b>62.19</b>	<b>80,27,326</b>	-	<b>80,27,326</b>	<b>63.94</b>	<b>1.75</b>
(2) Foreign									
(a) NRIs - Individuals	77,253	-	77,253	0.65	77,253	-	77,253	0.62	(0.03)
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks - FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	<b>77,253</b>	-	<b>77,253</b>	<b>0.65</b>	<b>77,253</b>	-	<b>77,253</b>	<b>0.62</b>	<b>(0.03)</b>
<b>Total Shareholding of Promoters and Promoter Group</b>	<b>75,23,859</b>	-	<b>75,23,859</b>	<b>62.84</b>	<b>81,04,579</b>	-	<b>81,04,579</b>	<b>64.56</b>	<b>1.72</b>
<b>(A) = (A)(1)+ (A)(2)</b>									
<b>B. Public Shareholding</b>									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks - FI	10,697	50	10,747	0.09	-	50	50	0	(0.09)
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FILs	13	-	13	0	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>10,710</b>	<b>50</b>	<b>10,760</b>	<b>0.09</b>	-	<b>50</b>	<b>50</b>	<b>0</b>	<b>(0.09)</b>
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	5,61,200	37	5,61,237	4.69	5,05,576	37	5,05,613	4.03	(0.66)
(ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(b) Individuals</b>									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	25,90,713	87,855	26,78,568	22.37	27,87,244	80,582	28,67,826	22.84	0.47
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	10,25,045	-	10,25,045	8.56	9,09,246	-	9,09,246	7.24	(1.32)
<b>(c) Others (specify)</b>									
Non Resident Indians	1,11,292	-	1,11,292	0.93	1,09,485	-	1,09,485	0.87	(0.05)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	45,727	-	45,727	0.38	38,256	-	38,256	0.30	(0.08)
Trusts	-	-	-	-	355	-	355	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Rane (Madras) Limited - Unclaimed Shares Suspense Account	878	-	878	0.01	878	-	878	0.01	-
Investor Education and Protection Fund Authority (Ministry of Corporate Affairs)	15,805	-	15,805	0.13	17,603	-	17,603	0.14	0.01
<b>Sub-total (B)(2):-</b>	<b>43,50,660</b>	<b>87,892</b>	<b>44,38,552</b>	<b>37.07</b>	<b>43,68,643</b>	<b>80,619</b>	<b>44,49,262</b>	<b>35.44</b>	<b>(1.63)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>43,61,370</b>	<b>87,942</b>	<b>44,49,312</b>	<b>37.16</b>	<b>43,68,643</b>	<b>80,669</b>	<b>44,49,312</b>	<b>35.44</b>	<b>(1.72)</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1,18,85,229</b>	<b>87,942</b>	<b>1,19,73,171</b>	<b>100</b>	<b>1,24,73,222</b>	<b>80,669</b>	<b>1,25,53,891</b>	<b>100</b>	<b>4.63%</b>

% rounded-off to the nearest decimal

% change if any, is also due to difference in the share capital at the beginning and at the end

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	At the beginning of the year			At the end of the year			% change in share- holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged - encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged - encumbered to total shares	
1	Rane Holdings Limited	73,80,678	61.64	-	79,61,398	63.42	-	1.77
2	Shanthi Narayan	24,775	0.21	-	24,775	0.20	-	(0.01)
3	Raman T G G	28,000	0.24	-	28,000	0.23	-	(0.01)
4	Rathika R Sundaresan	20,000	0.17	-	20,000	0.16	-	(0.01)
5	Chithra Sundaresan	12,604	0.11	-	12,604	0.1	-	(0.01)
6	Ranjini R Iyer	12,000	0.1	-	12,000	0.1	-	-
7	Geetha Raman Subramanyam	12,000	0.1	-	12,000	0.1	-	-
8	Aditya Ganesh	8,483	0.07	-	8,483	0.07	-	-
9	Aparna Ganesh	7,851	0.07	-	7,851	0.06	-	(0.01)
10	Vanaja Aghoram	5,010	0.04	-	5,010	0.04	-	-
11	Malavika Lakshman	4,866	0.04	-	4,866	0.04	-	-
12	Rama R Krishnan	4,193	0.04	-	4,193	0.04	-	-
13	Suchitra Narayan	-	-	-	-	-	-	-
14	Sumanth Narayan	-	-	-	-	-	-	-
15	Rekha Sundar	1,060	0.01	-	1,060	0.01	-	-
16	Meenakshi Ganesh	839	0.01	-	839	0.01	-	-
17	Vinay Lakshman	750	0.01	-	750	0.01	-	-
18	Harish Lakshman	750	0.01	-	750	0.01	-	-
<b>Total</b>		<b>75,23,859</b>	<b>62.84</b>	-	<b>81,04,579</b>	<b>64.56</b>	-	<b>1.72</b>

% rounded-off to the nearest decimal

% change if any, is also due to difference in the share capital at the beginning and at the end

iii) Change in Promoters' Shareholding :

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>At the beginning of the year</b>	<b>75,23,859</b>	<b>62.84</b>	<b>75,23,859</b>	<b>62.84</b>
Rane Holdings Limited	73,80,678	61.64	73,80,678	61.64
Other Promoters	1,43,181	1.2	1,43,181	1.2
<b>Date wise Increase in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment - transfer - bonus - sweat equity etc.):</b>				
Rane Holdings Limited - Preferential Allotment of 5,80,720 equity shares having a face value of ₹ 10 each, fully paid-up, arising on conversion of warrants 20-03-2020	5,80,720	1.77	79,61,398	63.42
<b>At the end of the year</b>	<b>81,04,579</b>	<b>64.56</b>	<b>81,04,579</b>	<b>64.56</b>
Rane Holdings Limited	79,61,398	63.42	79,61,398	63.42
Other Promoters	1,43,181	1.14	1,43,181	1.14

% rounded-off to the nearest decimal

% change if any, is also due to difference in the share capital at the beginning and at the end

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

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD-MM- YYYY)	Increase / Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
1	Kumari Investment Corporation Private Ltd.	1,46,750	1.23	-	-	-	-	1,46,750	1.17
2	Aadi Financial Advisors LLP	1,25,748	1.05	-	-	-	-	1,25,748	1.00
3	Gautam Jain	1,01,637	0.85	-	-	-	-	1,01,637	0.81
4	Vallabh Bhanshali	62,874	0.53	-	-	-	-	62,874	0.50
5	Hetal Sunil Kothari	52,936	0.44	-	-	-	-	52,936	0.42
6	Ashwin Radheshyam Agarwal	47,720	0.40	-	-	-	-	47,720	0.38
7	Kalawati Radheshyam Agarwal	36,173	0.30	-	-	-	-	36,173	0.29
8	Rajeswari V	33,851	0.28	-	-	-	-	33,851	0.27
9	Suresh Bhatia HUF	31,488	0.26	30-08-2019 27-09-2019 30-09-2019 27-12-2019 31-12-2019	(2,500) (7,230) (10,000) (10,460) (1,298)	(0.02) (0.06) (0.08) (0.08) (0.01)	Transfer Transfer Transfer Transfer Transfer	28,988 21,758 11,758 1,298 -	0.23 0.17 0.09 0.01 -
10	Navinder Singh Sahni	30,000	0.25	-	-	-	-	30,000	0.24
11	Manish Ramniwas Goyal	29,000	0.24	-	-	-	-	29,000	0.23
12	Nitin Kapil Tandon	28,500	0.24	-	-	-	-	28,500	0.23
13	Vijay Batuklal Bhayani	27,881	0.23	31-03-2020	(5,000)	(0.04)	Transfer	22,881	0.18
14	Palaniappan R	27,071	0.23	-	-	-	-	27,071	0.22
15	Kedar Shivanand Manekkar	26,492	0.22	-	-	-	-	26,492	0.21
16	Bachaladharani	24,853	0.21	-	-	-	-	24,853	0.20

% rounded-off to the nearest decimal

% change if any, is also due to difference in the share capital at the beginning and at the end

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD-MM- YYYY)	Increase / Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
17	JM Financial Services Limited	11,015	0.09	05-04-2019	(10,645)	(0.09)	Transfer	370	0
		26-04-2019	(170)	0	Transfer	200	0		
		03-05-2019	(100)	0	Transfer	100	0		
		10-05-2019	700	0.01	Purchase	800	0.01		
		17-05-2019	(700)	(0.01)	Transfer	100	0		
		24-05-2019	50	0	Purchase	150	0		
		31-05-2019	350	0	Purchase	500	0		
		21-06-2019	(448)	0	Transfer	52	0		
		28-06-2019	(27)	0	Transfer	25	0		
		05-07-2019	72	0	Purchase	97	0		
		12-07-2019	(87)	0	Transfer	10	0		
		26-07-2019	40	0	Purchase	50	0		
		02-08-2019	(49)	0	Transfer	1	0		
		09-08-2019	53	0	Purchase	54	0		
		13-09-2019	121	0	Purchase	175	0		
		20-09-2019	(75)	0	Transfer	100	0		
		27-09-2019	(25)	0	Transfer	75	0		
		30-09-2019	9,925	0.08	Purchase	10,000	0.08		
		04-10-2019	(9,975)	(0.08)	Transfer	25	0		
		11-10-2019	65	0	Purchase	90	0		
		18-10-2019	(31)	0	Transfer	59	0		
		01-11-2019	(34)	0	Transfer	25	0		
		08-11-2019	86	0	Purchase	111	0		
		15-11-2019	64	0	Purchase	175	0		
		29-11-2019	(125)	0	Transfer	50	0		
		06-12-2019	86	0	Purchase	136	0		
		13-12-2019	(86)	0	Transfer	50	0		
		20-12-2019	1	0	Purchase	51	0		
		27-12-2019	36,684	0.31	Purchase	36,735	0.29		
		31-12-2019	(9,309)	(0.08)	Transfer	27,426	0.22		
		03-01-2020	(590)	(0.01)	Transfer	26,836	0.21		
		10-01-2020	86	0	Purchase	26,922	0.21		
		17-01-2020	(534)	0	Transfer	26,388	0.21		
		24-01-2020	(127)	0	Transfer	26,261	0.21		
		31-01-2020	(7,700)	(0.06)	Transfer	18,561	0.15		
		07-02-2020	(18,508)	(0.16)	Transfer	53	0		
		21-02-2020	325	0	Purchase	378	0		
		28-02-2020	(6)	0	Transfer	372	0		
		06-03-2020	36	0	Purchase	408	0		
		13-03-2020	(105)	0	Transfer	303	0		
		20-03-2020	1042	0.01	Purchase	1,345	0.01		
		27-03-2020	(15)	0	Transfer	1,330	0.01		
		31-03-2020	32,958	0.26	Purchase	34,288	0.27		

% rounded-off to the nearest decimal

% change if any, is also due to difference in the share capital at the beginning and at the end

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

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	1,589	0.01	1,589	0.01
Meenakshi Ganesh & L Ganesh	839	0.007	839	0.007
Harish Lakshman	750	0.006	750	0.006
Date wise Increase - decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment -transfer - bonus- sweat equity etc.): No Change				
At the end of the year	1,589	0.01	1,589	0.01
Meenakshi Ganesh & L Ganesh	839	0.007	839	0.007
Harish Lakshman	750	0.006	750	0.006

% rounded-off to the nearest decimal

% change if any, is also due to difference in the share capital at the beginning and at the end

## V. Indebtedness

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

(Amount in ₹)

Particulars	Secured Loans Excluding Deposits - Long term Loan	Secured Loans Excluding Deposits - Working Capital	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	1,48,95,33,960	1,26,64,90,415	44,49,54,039	-	3,20,09,78,414
ii) Interest due but not paid	-	76,41,170	-	-	76,41,170
iii) Interest accrued but not due	-	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,48,95,33,960</b>	<b>1,27,41,31,585</b>	<b>44,49,54,039</b>	<b>-</b>	<b>3,20,86,19,584</b>
<b>Change in Indebtedness during the financial year</b>					
Addition	76,36,00,000	26,56,28,134	-	-	1,02,92,28,134
Reduction	56,59,35,994		8,62,78,377	-	65,22,14,372
<b>Net Change</b>	<b>19,76,64,006</b>	<b>26,56,28,134</b>	<b>(8,62,78,377)</b>	<b>-</b>	<b>37,70,13,762</b>
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	1,68,71,97,966	1,53,08,29,408	35,86,75,662		3,57,67,03,035
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	89,30,310	-	-	89,30,310
<b>Total (i+ii+iii)</b>	<b>1,68,71,97,966</b>	<b>1,53,97,59,718</b>	<b>35,86,75,662</b>	<b>-</b>	<b>3,58,56,33,345</b>

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director / Whole-time Director and / or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Manager - Ms. Gowri Kailasam
1	Salary	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,06,492
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	2,26,324
(c)	Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify	-
5	Others, please specify	-
<b>Total (A)</b>		<b>26,32,816</b>
Ceiling as per the Act (being 5% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		<b>74,26,346</b>

Note: Ms. Gowri Kailasam was appointed as Manager with effect from January 21, 2020 and the above remuneration represents amount drawn in her capacity as Manager for the period after her appointment

### B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors			
		Mr. M Lakshminarayyan	Ms. Anita Ramachandran	Mr. Pradip Kumar Bishnoi	Total
1	Independent Directors				
(a)	Fee for attending Board / Committee meetings	2,95,000	3,75,000	3,60,000	10,30,000
(b)	Commission	-	-	-	-
(c)	Others, please specify	-	-	-	-
<b>Total (B1)</b>		<b>2,95,000</b>	<b>3,75,000</b>	<b>3,60,000</b>	<b>10,30,000</b>
2	Other Non - Executive Directors	Mr. L Ganesh	Mr. L Lakshman	Mr. Harish Lakshman	Total
(a)	Fee for attending Board / Committee meetings	2,42,500	4,02,500	2,25,000	8,70,000
(b)	Commission	29,70,538	-	-	29,70,538
(c)	Others, please specify	-	-	-	-
<b>Total (B2)</b>		<b>32,13,038</b>	<b>4,02,500</b>	<b>2,25,000</b>	<b>38,40,538</b>
<b>Total B = (B1) + (B2)</b>					<b>48,70,538</b>
<b>Total Managerial Remuneration (A+B)</b>					<b>75,03,354</b>
Overall ceiling as per Act (being 11% of net profits calculated as per Section 198 of the Companies Act, 2013)					<b>1,63,37,961</b>

Note: The ceiling as per Act does not include sitting fee payable by the company

## C. Remuneration to key managerial personnel other than MD / Manager / WTD:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Chief Executive Officer	Chief Financial Officer	Company Secretary		
		Mr. S Parthasarathy (refer note 1)	Ms. J Radha (refer note 2)	Mr. B Gnansambandam (refer note 3)	Ms. S Subha Shree (refer note 4)	
1	Salary					
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,49,57,165	44,21,137	24,13,055	21,26,086	2,39,17,443
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	9,89,442	7,500	6,694	-	10,03,636
(c)	Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (C)	1,59,46,607	44,28,637	24,19,749	21,26,086	2,49,21,079

**Note:**

1. Mr. S Parthasarathy retired from the services as CEO of the Company with effect from December 31, 2019
2. Ms. J Radha resigned as CFO with effect from September 30, 2019
3. Mr. B Gnansambandam was appointed as CFO with effect from October 21, 2019
4. Remuneration to Secretary is being paid by RHL as part of secretarial services availed by the Company

**VII. Penalties / Punishment / Compounding of Offences**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

**For and on behalf of the Board**

Chennai  
June 18, 2020

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

**Ganesh Lakshminarayanan**  
Chairman  
DIN: 00012583

Annexure - G to the Report of the Board of Directors

## FORM NO. AOC -2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

### 1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered during the year ended March 31, 2020, which were not at arm's length basis.

### 2. Details of contracts or arrangements or transactions at arm's length basis

Sl. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Mr. Aditya Ganesh, Vice President - Marketing; Son of Mr. L Ganesh, Chairman
2.	Nature of contracts / arrangements / transaction	In employment of the Company in the designation of Vice President - Marketing. He will be entitled to allowances, benefits, perquisites, contribution to funds, as per the policy of the Company as applicable to employees of similar grade, in force from time to time.
3.	Duration of the contracts / arrangements / transaction	Contract of employment: effective from September 4, 2017. The contract will continue as long as he remains an employee of the Company and shall include any promotion and / or change in designation(s) and corresponding change in terms and conditions of his employment.
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	He has been supporting the CEO / Manager in strategic business and annual operating plans of both the steering and light metal castings divisions of the Company. He also handles certain specific projects for both the divisions to enhance global sales and customer engagement. In addition, he has been heading the Marketing function of Steering and Linkages Division and business development of Light Metal Casting Division(LMCI).
5.	Date of approval by the Board	Approval(s) have been obtained in terms of Section 177, 188 & other applicable of the Companies Act, 2013 including rules, as detailed below: <ul style="list-style-type: none"> <li>➤ Audit Committee and Board of Directors at their respective meetings held on May 23, 2019</li> <li>➤ Members of the Company at the 15<sup>th</sup> Annual General Meeting held on July 24, 2019</li> </ul>
6.	Amount paid as advances, if any	NIL

For and on behalf of the Board

Chennai  
June 18, 2020

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

**Ganesh Lakshminarayanan**  
Chairman  
DIN: 00012583

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

**BUSINESS RESPONSIBILITY REPORT**

[Pursuant to Regulation 34(2)(f) of SEBI LODR Regulations, 2015]

**Section A: General information about the Company**

1.	Corporate Identity Number (CIN) of the Company:	L65993TN2004PLC052856
2.	Name of the Company:	Rane (Madras) Limited
3.	Registered address:	"Maithri", 132, Cathedral Road, Chennai - 600 086; Phone: 044 - 2811 2472
4.	Website:	<a href="http://www.ranegroup.com">www.ranegroup.com</a>
5.	e-mail ID:	<a href="mailto:investorservices@ranegroup.com">investorservices@ranegroup.com</a>
6.	Financial Year reported:	FY 2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):	Components for the Transportation Industry  NIC codes:  Steering & Suspension linkages and gear products - 29301; and Other articles of aluminium - 2432
8.	List three key products/services that the Company manufactures / provides (as in balance sheet):	1. Steering and suspension linkages 2. Steering gear products 3. Other articles of aluminium
9.	Total number of locations where business activity is undertaken by the Company:  a) Number of International Locations (Provide details of major 5)  b) Number of National Locations	The total number of locations where business activities undertaken by the Company - 12 nos.  a) International locations - 1 no. Kentucky, USA b) National locations - 11 nos.  Plants: Chennai / Mysuru / Puducherry / Uttarakhand / Hyderabad/ Varanavasi
10.	Markets served by the Company - Local / State / National / International	Depots: Pune / Jamshedpur / Jaipur / Jalandhar / Chennai  The Company serves Local / State / National / International Markets

**Section B: Financial details of the Company**

- Paid-up Capital: ₹12,55,38,910/-
- Total Turnover: ₹1,055.59 crores
- Total profit after taxes: ₹(24.43) crores
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): Not Applicable
- List of activities in which expenditure in 4 above has been incurred:

The Company's CSR vision is 'to be a socially and environmentally responsible corporate citizen'. The Company continues to focus on four thrust areas for its CSR activities, viz., Education, Healthcare, Environment and Community Development. During the year, the Company has implemented several projects primarily focusing on Education followed by Healthcare, which are in detail furnished in the annual report on CSR activities annexed to the report of the Board of Directors.

**Section C: Other details**

- Does the Company have any Subsidiary Company/ Companies?  
Yes. The Company has 2 wholly owned overseas subsidiaries including one step down subsidiary. The Company is also a subsidiary of Rane Holdings Limited. The Company, its subsidiaries, holding company and fellow subsidiaries are collectively referred to as 'Rane Group of Companies'.
- Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)?  
Yes, Business Responsibility initiatives of the Company generally pursued across by manufacturing Companies of the Rane Group.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No. The other entities with which the Company does business with viz. suppliers, distributors etc. do not participate in the BR initiatives of the Company.

b) Details of the BR head:

Sl. No.	Particulars	Details
1.	DIN	NA
2.	Name	Ms. Gowri Kailasam
3.	Designation	Manager & President - Steering & Linkages Division
4.	Telephone number	044-28112472
5.	e-mail ID	<a href="mailto:gowri.kailasam@ranegroup.com">gowri.kailasam@ranegroup.com</a>

#### Section D: BR information

##### 1. Details of Director / Directors responsible for BR

- a) Details of the Director/Directors responsible for implementation of the BR policy / policies

DIN	Name	Designation
00012583	Mr. Ganesh Lakshminarayana	Chairman

##### 2. Principle-wise (as per NVGs) BR Policy / policies

- a) Details of compliance (Y / N)

Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
Do you have a policy/ policies for the principle	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Indicate the link for the policy to be viewed online?	<a href="https://ranegroup.com/rane-madras-ltd-investors/#policies">https://ranegroup.com/rane-madras-ltd-investors/#policies</a>								
Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

- b) If answer to the question at serial number 1 against any principle, is 'No', please explain why (Tick up to 2 options)

Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
The company has not understood the Principles									
The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
The company does not have financial or manpower resources available for the task									
It is planned to be done within next 6 months									
It is planned to be done within the next 1 year									
Any other reason (please specify)									

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months / 3-6 months / Annually / more than 1 year.

On an annual basis the Company assesses the BR Report / performance

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

Yes. The BR Report is published as part of this annual report and the same is available on the Company's website at [www.ranegroup.com](http://www.ranegroup.com)

### Section E: Principle wise performance

**Principle 1: Business Ethics** [Businesses should conduct and govern themselves with ethics, transparency and accountability]

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?

Yes. The Code of Conduct (Rane Compass) covers all employees of the Company and other Rane Group Companies. Every Company within the Rane Group, viz., all subsidiaries and joint ventures at all locations, every employee of the Company including its Directors come within the scope of the COMPASS.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the FY 2019-20, the Company has received two (2) complaints from investors and has resolved all. The

Complaints primarily related to non-receipt of annual reports. The Stakeholders Relationship Committee (SRC) oversees the complaints and their resolution. There are no investor complaints pending unresolved at the end of the Financial Year 2019-20.

**Principle 2: Product Responsibility** [Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle]

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

The Company incorporates innovative designs for its products with an imperative to protect the environment, conserve natural resources for achieving sustainable economic growth. These high value designs are developed environmentally friendly material

- Light weighting ball joints
- Housing weight optimisation through Finite Element Analysis (FEA)
- HSU seal localisation with reduced weight

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

The Company constantly works on projects to reduce the resource (energy, water, raw material, etc.) consumption. Some examples include:

- Achieved water positive in one of the plants through various water conservation techniques
- Enhanced usage of electricity from non-renewable energy sources which are environment friendly and helps in Co2 emission reduction

- Design upgradation in machineries to convert into Energy efficient machines

- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company's supplier selection, assessment and evaluation process includes elements of sustainability. This includes initial supplier survey, continuous risk assessments and audits. Also, there is communication to suppliers on the Company's sustainability requirements. The Company has an environment policy and safety policy. The Company encourages the vendors to ensure compliance with these policies. It covers various issues like health of workers and safety measures.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has taken adequate steps to procure goods from local and small vendors. The steps taken to improve the capability and capacity of local vendors include:

- Imparting training and supporting the suppliers for developing Quality Management Systems for improving the product quality, reducing the wastages and sustainable development
- Providing technical help to vendors for up-gradation of their equipment which has helped in enhancing the capacity and capability
- Communicating on periodic basis and creating joint action plans to meet the requirements
- Ensuring statutory compliance including non-deployment of child labour in the factory premises

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company ensures optimum use of resources and practices reduce, recycle and reuse principles. Across its operations, there are various initiatives that enable effective recycling of products and wastes and some of the initiatives practiced in this direction are explained hereunder:

- Water conservation - 100% sewage water is treated and recycled
- Returnable packaging implemented for customers thereby eliminating the requirement of single use carton boxes

- Rain water harvesting implemented across the plants to collect and recharge ground water levels

**Principle 3: Wellbeing of employees [Businesses should promote the wellbeing of all employees]**

1. Total number of employees: 2482
2. Total number of employees hired on temporary/contractual/casual basis: 1215
3. Number of permanent women employees: 46
4. Number of permanent employees with disabilities: Nil
5. Do you have an employee association that is recognized by management: None
6. What percentage of your permanent employees is members of this recognized employee association? Not applicable
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	-	-
2.	Sexual harassment	1	-
3.	Discriminatory employment	-	-

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

a) Permanent Employees - 100%

b) Permanent Women Employees - 100%

c) Casual/Temporary / Contractual Employees - 100%

d) Employees with Disabilities - Nil

Given the nature of operations of the Company, training is imparted for development of functional and behavioural skills and the training is provided to all the employees of the Company.

**Principle 4: Stakeholder engagement [Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised]**

1. Has the Company mapped its internal and external stakeholders? Yes / No: Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes / No: Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so

The Company has both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations. The Company supports various special initiatives to engage with disadvantaged, vulnerable and marginalised stakeholders by actively engaging with Rane Foundation, the CSR arm of the Rane group. For detailed discussion, please refer to Management Discussion and Analysis and annual report on CSR activities forming part of this annual report.

**Principle 5: Human Rights [Businesses should respect and promote human rights]**

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures /Suppliers / Contractors / NGOs / Others?

Yes. The Rane Compass (which is Rane's Policy on Ethical Standards and Behaviour), Rane Whistle Blower Policy and Rane Policy on Prevention of Sexual Harassment of Women at Work Place cover various aspects of human rights and these policies extends to RML and all Rane Group Companies including its employees and contractors.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the FY 2019-20, the Company has not received any complaints under the vigil mechanisms of the Company 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. The Company has received only one complaint reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The same has been resolved to the full satisfaction through an appropriate redressal mechanism by the management.

**Principle 6: Environment[Businesses should respect, protect, and make efforts to restore the environment]**

1. Does the policy relate to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others

The policy covers all Rane Group Companies with intent to help integrate sustainability aspects in the business strategies, its decisions and key work processes. The Company operations should not adversely affect the future of the society and its ecological balance

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/ N. If yes, please give hyperlink for webpage etc.:

Yes, the Company makes efforts to address global environmental issues such as reducing carbon footprint and ensuring sustainability across all operations. The Company constantly focuses its efforts on reduction of energy consumption, water conservation, improving green cover in the plants, etc.

3. Does the company identify and assess potential environmental risks? Y/ N

Yes. Environmental risks are covered in the Company's principles that are based on ISO-14001 standards. Every manufacturing plant implements these standards. Periodic reviews are done on the steps taken to mitigate the potential risks identified

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company continues to work towards development and implementation of climate change mitigation projects mainly through energy saving projects, water saving, waste reduction & CO<sub>2</sub> reduction under sustainability development. However, it does not have any registration for CDM projects

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, several initiatives on clean technology, renewable energy and sustainability development have been done. Some of these initiatives include:

- Factory construction provides for maximum use of natural lighting and ventilation
- Use of energy efficient induction lamps, LEDs in shop floor and office area
- Increased mix of renewable power such as Wind and Solar energy
- Projects implemented for energy conservation and reduction in consumables in the shop floor
- Replaced the plastic tumblers with stainless steel tumblers in cafeteria

6. Are the Emissions / waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The emissions / waste generated by the Company's plants are within the permissible limits as prescribed by CPCB / SPCB and compliance reports are submitted on a periodic basis.

7. Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year

The Company has not received any show cause / legal notices from CPCB / SPCB as on end of financial year

**Principle 7: Public Policy [Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner]**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - a) Madras Chamber of Commerce & Industry (MCCI)
  - b) Indo-Japan Chamber of Commerce and Industry
  - c) The Automotive Component Manufacturers Association of India (ACMA)
  - d) The Confederation of Indian Industry (CII)
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Y/N; if Yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, representations have been made to chambers and associations connected to the Company and Rane group's business on various matters for improvement of regulatory policies to build a better, competitive and sustainable business environment.

**Principle 8: CSR [Businesses should support inclusive growth and equitable development]**

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If Yes, details thereof

Yes. The Rane Group of Companies primarily channelize their CSR initiatives through Rane Foundation. Through the Rane Foundation the Company has established Rane Polytechnic at Trichy. The institution offers quality technical education and sustainable development to the rural youth. Rane Foundation has established Rane Vidyalaya at Trichy. The school aims to provide a conducive learning environment to children and will develop qualified teachers and staff. For further details, please refer to the annual report on CSR activities forming part of this annual report.

2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO/ Government structures / any other organization?

The projects are undertaken primarily through Rane Foundation. However, the Company also undertakes projects on its own as well as working in partnership with specialist organisations. For further details, please refer to the annual report on CSR activities forming part of this annual report.

3. Have you done any impact assessment of your initiative?

The Company has financially supported the various CSR initiatives of Rane Foundation including establishment of Rane Vidyalaya (School project). The

Rane Polytechnic, established at Trichy in the year 2011 under the aegis of Rane Foundation has stepped into its ninth academic year. The institution was accredited by the National Board of Accreditation (NBA) for the Diploma in Mechanical Engineering program in 2017. Over the last four batches, 1087 students have completed their diploma program. In the current year, 188 students completed their diploma program. Over 90% of the students were campus placed. The institution endeavours to offer quality technical education and sustainable development to the rural youth.

Rane Foundation is embarking on its next major project, a school 'Rane Vidyalaya' in Trichy. The school provides quality education to children in rural neighbourhood. The institution aims to provide a conducive learning environment to children, develop well-qualified teachers and support staff for the continuous improvement, and recognize the diversity of talent amongst children by promoting extra-curricular activities. The school is located in Theerampalayam, Manachanallur Taluk, Trichy, will offer nursery and primary education to start with, and shall gradually scale to offer up to higher secondary education in due course of time. The School began functioning from the academic year 2018-19 with classes from Nursery to Class II and follows CBSE curriculum. Rane Vidyalaya is recognised by Directorate of School Education, Tamilnadu and has applied for affiliation with Central Board of Secondary Education (CBSE). It currently has a student strength of 200 as against a capacity of 240.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken

Please refer the section on CSR activities of the annual report for further details

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

Please refer the section on CSR activities of the annual report for further details

**Principle 9: Customer Relations [Businesses should engage with and provide value to their customers and consumers in a responsible manner]**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year

The Company has a robust system for addressing customer complaints. The complaints received are analysed, appropriate countermeasure is presented to customers and implemented and effectiveness is monitored. As at the end of the financial year, there were no pending customer complaints.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / NA / Remarks (additional information)

The Company's products are predominantly supplied to OEM as per their requirements. The Company displays product requirements on packaging as per the requirements of OEM and consistent with applicable laws. For the aftermarket segment, the product details are mentioned as per rules made under Legal Metrology Act, 2009.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at the end of financial year? If so, provide details thereof, in about 50 words or so.

No. There were no cases against the Company regarding unfair trade practices, irresponsible advertising and / or anti competitive behavior during the last five years that is pending.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

Customer response and customer satisfaction are one of the most important factors of any business. The Company engages with its customers at various platforms to understand their expectations. The Company obtains the customer feedback by engaging a third party agency to conduct surveys with key stakeholders in the customer organisation. The Company constantly communicates with customers and uses the data posted on the customer portal on a monthly / quarterly basis to evaluate the performance and take remedial actions. Customer Satisfaction trends are compiled, monitored and reviewed by top management on a periodic basis and also action plans are discussed with customers.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Rane (Madras) Limited

Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the accompanying standalone financial statements of Rane (Madras) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued

by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Emphasis of Matter

We draw attention to Note 39 to the Financial Statements which fully describes the management's assessment of impairment of investment, loans and other financial assets in an operating wholly owned step down subsidiary, which have taken into consideration the adverse business impact and uncertainties arising from COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

Sr. No	Key Audit Matter	Auditor Response
	<p><b>Impairment of Investment, loans and other financial assets in a step down subsidiary (either directly or through intermediate subsidiary)</b></p> <p>The total financial exposure of the Company in an operating step down subsidiary is represented by investments in equity shares, loans and other financial assets (either directly or through intermediate subsidiary) aggregating to ₹ 155.66 Crores as at March 31, 2020. Refer Note 7.1 to the Standalone Financial Statements.</p> <p>Due to the significant losses incurred by the said step down subsidiary, the management has carried out an impairment assessment of these assets and have recognized an impairment loss of ₹ 37.58 crores against these investments and loans and other financial assets.</p> <p>Impairment of investment, loans and other financial assets in the said step down subsidiary has been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>a. The significance of the carrying value of the assets being assessed; and</li> <li>b. The assessment of the carrying value of the Investments involves assumptions and exercising significant judgements in estimating the recoverable value of the step down subsidiary, including taking into account the possible effect of the pandemic relating to COVID-19. Any adverse changes to these assumptions could result in lower recoverable value than the carrying amount.</li> </ul>	<p><b>Principal audit procedures performed:</b></p> <ol style="list-style-type: none"> <li>a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which inter-alia includes the completeness and accuracy of the input data considered, reasonableness of the assumptions considered in determining the present value of future cash flows.</li> <li>b. Obtained the business projections of the step down subsidiary (prepared by the Management) and performed the following procedures:             <ol style="list-style-type: none"> <li>i. Conducted inquiries with the Company/ Subsidiary personnel to identify if factors that, in our professional judgement, should be taken into account in the impairment analysis were considered by the Management.</li> <li>ii. Compared the actual revenues and cash flows generated by the step-down subsidiary during the year with the plan and estimates considered in the previous year</li> <li>iii. Verified if the cash flow projections of the step- down subsidiary considered for the assessment of impairment were as per cash flow projections reviewed and approved by the Board of Directors of the Company.</li> <li>iv. Evaluated the Management's future cash flow projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, sensitivity analysis of the key assumptions etc. duly considering the impact of the COVID-19 pandemic and the historical accuracy of the Company's estimates in the prior period.</li> <li>v. Involved internal fair valuation specialists to review key assumptions considered in the future cash projections such as discount rate and model etc.</li> <li>vi. Inquired the auditors of the step down subsidiary with respect to the appropriateness of the cash flow projections considered and impact of COVID- 19 pandemic thereon.</li> </ol> </li> </ol>

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

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

- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the

Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Ananthi Amarnath**  
Partner

Place: Chennai  
Date: June 18, 2020  
(Membership No. 209252)  
(UDIN: 20209252AAAFN3702)

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Rane (Madras) Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

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

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

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

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

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

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

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

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells

Chartered Accountants

(Firm's Registration No. 008072S)

Ananthi Amarnath

Partner

Place: Chennai

Date: June 18, 2020

(Membership No. 209252)

(UDIN: 20209252AAAFN3702)

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (2) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets (Property, plant & equipment and Intangible assets).  
(b) The fixed assets (Property, plant & equipment) were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.  
(c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of registered sale deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.  
Immovable properties of land and buildings whose title deeds have been pledged with banks as security for term loans, are held in the name of the Company based on the confirmations directly received by us from the lenders.  
In respect of immovable properties of land and building that have been taken on lease and disclosed as right of use assets in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans, making investments and providing guarantees, as applicable.
- (v) According to the information and explanation given to us, the company has not accepted any deposit during the year also the company does not have any unclaimed deposits.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, 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, Income-tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Entry Tax and Excise Duty which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount involved (₹ In crores)	Amount unpaid (₹ In crores)
Central Excise Act, 1945	Excise Duty	Customs, Goods & Service tax Appellate Tribunal, Chennai	2012-13	0.75	-
Finance Act, 1994	Service Tax	Customs, Goods & Service tax Appellate Tribunal, Chennai	2007-08 to 2011-12	0.72	-
Finance Act, 1994	Service Tax	Customs, Goods & Service tax Appellate Tribunal, Chennai	2007-08 to 2011-12	0.20	0.20
Finance Act, 1994	Service Tax	Assistant Commissioner, Nizamabad	2011-12	0.07	0.04
Maharashtra Value Added Tax Act, 2002	Sales Tax	Commissioner (Appeals)	2005-06, 2006-07 & 2008-09	1.10	1.08
Karnataka Tax on Entry of Goods Act, 1979	Sales Tax	Karnataka High Court	2005-06& 2006-07	0.09	-
Karnataka Tax on Entry of Goods Act, 1979	Sales Tax	Commissioner (Appeals)	2007-08 to 2012-13	0.10	-
Central Sales Tax Act, 1956	Sales Tax	Deputy Commissioner, Mysore	2013-14 & 14-15	0.28	0.18
Central Sales Tax Act, 1956	Sales Tax	Commissioner of Sales Tax (Appeals), Pondicherry	2010-11	0.07	0.03
Central Sales Tax Act, 1956	Sales Tax	Assistant Commissioner, Alandur, Tamilnadu	2014-15, 2016-17 and 2017-18	4.36	4.36
Central Sales Tax Act, 1956	Sales Tax	Assistant Commissioner, Alandur, Tamilnadu	2011-12 to 2015-16	0.24	-
Central Sales Tax Act, 1956	Sales Tax	Commissioner of Sales Tax (Appeals), Pant Nagar	2010-11	0.92	0.83
Central Sales Tax Act, 1956	Sales Tax	Commissioner of Sales Tax (Appeals), Pant Nagar	2011-12	0.60	0.59
Central Sales Tax Act, 1956	Sales Tax	Commissioner of Sales Tax (Appeals), Gurgaon	2014-15	0.01	0.01
Telangana Entry of Goods into Local Areas Act, 2001	Sales Tax	AP & Telangana High Court	2011-12 to 2017-18	1.07	0.80
Telangana VAT Act	Sales Tax	Commissioner (Appeals)	2012-13 to 2015-16	0.07	0.07

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount involved (₹In crores)	Amount unpaid (₹ In crores)
Income Tax Act, 1961	Income Tax	Supreme Court	1997-98	0.31	0.31
Income Tax Act, 1961	Income Tax	High Court	1996-97	0.07	0.07
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax(Appeals)	2008-09	7.52	5.52
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax(Appeals)	2009-10	1.93	-
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax(Appeals)	2010-11	1.91	1.91
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	2011-12	0.42	0.42
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax(Appeals)	2012-13	2.39	1.82
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax(Appeals)	2013-14	0.13	0.13
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax(Appeals)	2016-17	3.14	3.14
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax(Appeals)	2018-19	0.46	0.46

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanations given to us, in respect of term loans, the Company has applied the money for the purposes for which it was raised, other than temporary deployment pending application.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made preferential

allotment of shares during the year. In respect of this issue, we further report that:

- (a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
- (b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of

section 192 of the Companies Act, 2013 are not applicable.

- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

Place: Chennai  
Date: June 18, 2020

**Ananthi Amarnath**  
Partner  
(Membership No. 209252)  
(UDIN: 20209252AAAFN3702)

# STANDALONE BALANCE SHEET

AS AT MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

S. No	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>A.</b>	<b>Assets</b>			
	<b>Non-current assets</b>			
(a)	Property, plant and equipment	2	325.57	336.41
(b)	Capital work in progress	2	10.15	12.13
(c)	Goodwill	3	4.06	4.06
(d)	Right of use assets	4	3.68	-
(e)	Other intangible assets	5	0.59	1.39
(f)	Financial assets			
(i)	Investments	6	0.71	0.75
(ii)	Loans Receivable	7	113.13	44.70
(iii)	Other financial assets	8	50.14	39.74
(g)	Income Tax assets (Net)	9	14.46	9.95
(h)	Other non current assets	10	7.53	9.67
	<b>Total non-current assets</b>		<b>530.02</b>	<b>458.80</b>
	<b>Current Assets</b>			
(a)	Inventories	11	133.44	154.71
(b)	Financial assets			
(i)	Trade receivables	12	162.91	218.88
(ii)	Cash and cash equivalents	13	16.52	10.53
(iii)	Bank balances other than (ii) above	14	0.18	0.18
(iv)	Loans Receivable	7	0.23	0.24
(v)	Other financial assets	8	1.89	5.22
(c)	Other current assets	10	20.89	29.91
	<b>Total current assets</b>		<b>336.06</b>	<b>419.67</b>
	<b>TOTAL ASSETS</b>		<b>866.08</b>	<b>878.47</b>
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
(a)	Equity share capital	15	12.55	11.97
(b)	Other equity	16	288.38	299.30
	<b>Total Equity</b>		<b>300.93</b>	<b>311.27</b>
	<b>Liabilities</b>			
	<b>Non-current liabilities</b>			
(a)	Financial liabilities			
(i)	Borrowings	17A	139.82	112.29
(ii)	Other financial liabilities	18	5.33	8.41
(b)	Provisions	19	6.09	6.21
(c)	Deferred tax liability	21	1.69	6.77
(d)	Other non-current liabilities	20	2.49	3.98
	<b>Total non-current liabilities</b>		<b>155.42</b>	<b>137.66</b>
	<b>Current liabilities</b>			
(a)	Financial liabilities			
(i)	Borrowings	17B	158.95	171.14
(ii)	Trade payables	22		
(a)	Total outstanding dues of Micro enterprises and Small enterprises		9.03	11.54
(b)	Total outstanding dues of creditors other than Micro enterprises and Small enterprises		145.35	179.23
(iii)	Other financial liabilities	18	74.82	47.33
(b)	Provisions	19	6.66	8.31
(c)	Other current liabilities	20	14.92	11.99
	<b>Total current liabilities</b>		<b>409.73</b>	<b>429.54</b>
	<b>Total liabilities</b>		<b>565.15</b>	<b>567.20</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>866.08</b>	<b>878.47</b>

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered AccountantsAnanthi Amarnath  
PartnerChennai  
June 18, 2020Ganesh Lakshminarayanan  
Chairman  
DIN:00012583B Gnanasambandam  
Chief Financial OfficerChennai  
June 18, 2020

For and on behalf of the Board

Harish Lakshman  
Vice Chairman  
DIN:00012602Gowri Kailasam  
ManagerSubha Shree Sridharan  
Company Secretary

# STANDALONE STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

S.No	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I	Revenues from operations	23	1,100.52	1,370.25
II	Other income	24	18.71	10.57
III	<b>Total income (I+II)</b>		<b>1,119.23</b>	<b>1,380.82</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	25	683.04	864.97
	Changes in inventories of finished goods, work-in-progress and stock in trade	26	14.16	1.11
	Employee benefits expense	27	141.94	148.51
	Finance costs	28	31.95	28.35
	Depreciation and amortisation expense	29	52.42	53.03
	Other expenses	30	181.59	214.49
	<b>Total expenses (IV)</b>		<b>1,105.10</b>	<b>1,310.46</b>
V	<b>Profit/(Loss) before tax (before exceptional items) (III-IV)</b>		<b>14.13</b>	<b>70.36</b>
VI	<b>Exceptional items</b>	7.1	<b>37.58</b>	-
VII	<b>Profit/(Loss) before tax (after exceptional items) (V-VI)</b>		<b>(23.45)</b>	<b>70.36</b>
VIII	<b>Tax expense:</b>			
	(1) Current tax	31	3.69	25.23
	(2) Deferred tax	31	(2.71)	(2.11)
			0.98	23.12
IX	<b>Profit/(Loss) for the year (VII-VIII)</b>		<b>(24.43)</b>	<b>47.24</b>
	<b>Other comprehensive income</b>			
A. i)	Items that will not be reclassified to statement of profit and loss Remeasurements of the defined benefit plans		(2.49)	(0.82)
			(2.49)	(0.82)
	ii) Income tax relating to items that will not be reclassified to statement of profit and loss		0.87	0.29
B. i)	Items that may be reclassified to statement of profit and loss Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(4.29)	(0.79)
			(4.29)	(0.79)
	ii) Income tax relating to items that will be reclassified to statement of profit and loss		1.50	0.18
X	<b>Total other comprehensive income/(loss) (A(i-ii)+B(i-ii))</b>		<b>(4.41)</b>	<b>(1.14)</b>
XI	<b>Total comprehensive income/(loss) for the year (IX+X)</b>		<b>(28.84)</b>	<b>46.10</b>
XII	<b>Earnings per equity share (Nominal value per share ₹10)</b>			
	(a) Basic (In ₹)	36	(20.37)	40.38
	(b) Diluted (In ₹)	36	(19.59)	40.38

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ananthi Amarnath**  
Partner

Chennai  
June 18, 2020

**Ganesh Lakshminarayanan**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

Chennai  
June 18, 2020

**For and on behalf of the Board**

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**Subha Shree Sridharan**  
Company Secretary

# STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**A. Equity share capital**

Description	Amount
As at April 1, 2018	11.61
Changes in equity share capital	0.36
As at March 31, 2019	11.97
Changes in equity share capital	0.58
As at March 31, 2020	12.55

**B. Other equity**

Description	Reserve and Surplus						Other Reserves		Total Equity
	General Reserve	Securities Premium	Capital Redemption Reserve	Amalgamation adjustment Account	Retained Earnings	Money Received against Share Warrant	Total	Hedge Reserve	
Balance as at April 1, 2018	127.70	62.47	12.73	(0.20)	46.51	5.00	254.21	0.61	0.61 254.82
Profit/(Loss) for the year	-	-	-	-	47.24	-	47.24	-	47.24
Other comprehensive income for the year	-	-	-	-	(0.82)	-	(0.82)	(0.79)	(0.79) (1.61)
Income tax on OCI Items	-	-	-	-	0.29	-	0.29	0.18	0.18 0.47
Total Comprehensive income for the year	127.70	62.47	12.73	(0.20)	93.22	5.00	300.92	-	- 300.92
Money received against share warrants	-	-	-	-	-	(5.00)	(5.00)	-	- (5.00)
Premium on preferential issue of equity shares	-	19.64	-	-	-	-	19.64	-	- 19.64
Payment of dividend	-	-	-	-	(13.49)	-	(13.49)	-	- (13.49)
Tax on dividend	-	-	-	-	(2.77)	-	(2.77)	-	- (2.77)
Transfer from retained earnings	32.36	-	-	-	(32.36)	-	-	-	-
Balance as at March 31, 2019	160.06	82.11	12.73	(0.20)	44.60	-	299.30	-	- 299.30
Profit/(Loss) for the year	-	-	-	-	(24.43)	-	(24.43)	-	- (24.43)
Other comprehensive income for the year	-	-	-	-	(2.49)	-	(2.49)	(4.29)	(4.29) (6.78)
Income tax on OCI Items	-	-	-	-	0.87	-	0.87	1.50	1.50 2.37
Total comprehensive income for the year	160.06	82.11	12.73	(0.20)	18.55	-	273.25	(2.79)	(2.79) 270.46
Money received against share warrants	-	-	-	-	-	8.33	8.33	-	- 8.33
Premium on preferential issue of equity shares	-	16.09	-	-	-	-	16.09	-	- 16.09
Payment of dividend	-	-	-	-	(5.39)	-	(5.39)	-	- (5.39)
Tax on dividend	-	-	-	-	(1.11)	-	(1.11)	-	- (1.11)
Transfer from retained earnings	25.83	-	-	-	(25.83)	-	-	-	-
Balance as at March 31, 2020	185.89	98.20	12.73	(0.20)	(13.78)	8.33	291.17	(2.79)	(2.79) 288.38

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached  
 For **Deloitte Haskins & Sells**  
 Chartered Accountants

**Ananthi Amarnath**  
 Partner  
 Chennai  
 June 18, 2020

**Ganesh Lakshminarayana**  
 Chairman  
 DIN:00012583

**B Gnanasambandam**  
 Chief Financial Officer

Chennai  
 June 18, 2020

For and on behalf of the Board

**Harish Lakshman**  
 Vice Chairman  
 DIN:00012602

**Gowri Kailasam**  
 Manager

**Subha Shree Sridharan**  
 Company Secretary

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) for the year	(24.43)	47.24
Adjustments for :		
Income tax expense recognised in profit and loss	0.98	23.12
Finance costs recognised in profit and loss	31.95	28.35
Interest income recognised in profit and loss	(2.24)	(1.49)
Net loss/(gain )on disposal of property, plant and equipment	(0.15)	(0.14)
Government grant income	(1.54)	(1.91)
Guarantee Commission	(0.37)	(0.44)
Unrealised Exchange Loss/(Gain)	(8.07)	1.17
Provision for doubtful trade receivables and advances (net of write back)	(3.61)	1.29
Depreciation and amortisation of non-current assets	52.42	53.03
Impairment of investments and other financial assets	37.58	-
	<b>82.52</b>	<b>150.22</b>
Movements in working capital :		
(Increase) / decrease in trade and other receivables	61.32	(7.50)
(Increase) / decrease in inventories	21.28	(18.94)
(Increase) / decrease in other non current assets	0.05	(0.90)
(Increase) / decrease in other non current financial assets	(9.81)	(5.03)
(Increase) / decrease in other current financial assets	3.43	6.36
(Increase) / decrease in other current assets	9.03	7.66
(Increase) / decrease in loans receivable	0.01	(0.03)
Increase / (decrease) in trade payables	(36.44)	(42.60)
Increase / (decrease) in long term provisions	(0.12)	0.75
Increase / (decrease) in short term provisions	(1.66)	2.39
Increase / (decrease) in other non current financial liabilities	(5.97)	(1.30)
Increase / (decrease) in other current financial liabilities	0.49	0.03
Increase / (decrease) in other non current liabilities	-	0.54
Increase / (decrease) in other current liabilities	0.48	(0.25)
Cash generated from operations	<b>124.61</b>	<b>91.40</b>
Income tax paid	(8.20)	(20.87)
<b>Net cash (used in) / generated by operating activities</b>	<b>116.41</b>	<b>70.53</b>
<b>B. Cash flow from investing activities</b>		
Interest received	(0.09)	0.46
Non current Investments	-	(0.60)
Loans receivable	(97.76)	(37.31)
Payments for property, plant and equipment	(37.70)	(50.70)
Proceeds from disposal of property, plant and equipment	1.05	1.62
Bank Balances not considered as cash and cash equivalents	0.01	(0.02)
<b>Net cash (used in) / generated by investing activities</b>	<b>(134.49)</b>	<b>(86.55)</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	0.58	0.36
Proceeds from Share premium on equity shares	16.09	19.64
Money Received against Share warrant	8.33	(5.00)
Proceeds from long term borrowings	106.36	30.00
Repayment of long term borrowings	(56.60)	(13.24)
Proceeds from short term borrowings	-	33.14
Repayment of short term borrowings	(12.50)	-
Dividend paid	(5.39)	(13.49)
Tax on dividend	(1.11)	(2.77)
Interest paid	(31.82)	(27.83)
<b>Net cash (used in)/ generated by financing activities</b>	<b>23.94</b>	<b>20.81</b>
<b>Net increase in cash and cash equivalents</b>	<b>5.86</b>	<b>4.79</b>
Cash and cash equivalents at the beginning of the year(Refer note 13)	10.61	5.82
<b>Cash and Cash equivalents at the end of the year(Refer note 13)</b>	<b>16.47</b>	<b>10.61</b>

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ananthi Amarnath**  
Partner  
Chennai  
June 18, 2020

**Ganesh Lakshminarayanan**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer  
Chennai  
June 18, 2020

For and on behalf of the Board

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**Subha Shree Sridharan**  
Company Secretary

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

## 1 Summary of significant accounting policies, critical judgements and Key estimates

### General Information

Rane (Madras) Limited (The "Company") is a public limited Company incorporated in India with its registered office in Chennai, Tamilnadu, India. The Company is listed on the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

The Company is engaged in manufacture of Steering and Suspension Linkage Products, Steering Gear Products and High Precision Aluminium Die Casting Products. The Company is a significant supplier to major manufacturers of passenger cars, utility vehicles and Farm tractors across the Globe and as such operates in a single reportable business segment of 'components for transportation industry'. The Company is having six manufacturing facilities at Tamilnadu, Puducherry, Karnataka, Uttarakhand and Telangana.

### Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

### 1.1 Statement of Compliance

The Financial Statements have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

**Except for the changes below, the Company has consistently applied accounting policies to all periods.**

- (i) Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of Rs. 455.08 Lakhs and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the

accounting policies included as part of our Annual Report for year ended March 31, 2020.

- (ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- (iii) On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- (iv) On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

ceiling. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### 1.11 Basis of preparation and presentation

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained below.

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 III to the Companies Act, 2013 and Ind AS 1. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The principal accounting policies are set out below :

### 1.12 Property, plant and equipment

Property, plant and equipment are capitalised at costs relating to the acquisition and installation (net of GST credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalised.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. For qualifying assets, borrowing costs are capitalised in accordance with Ind AS 23 - Borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Machinery spares which can be used only in connection with an item of Property, Plant and Equipment 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 assets after its purchase / completion is capitalised only if such expenditure results in an increase in the

(All amounts are in Crores in INR unless otherwise stated)

future benefits from such asset beyond its previously assessed standard of performance.

#### Depreciation

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values on pro rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013, using the straight-line method except in respect of the following categories of assets, in which case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

Category of assets	Useful Life (in years)
Vehicles	5 Years
Furniture & Fixtures	5 Years
Office Equipments (other than computers)	3 Years
Computers, Server and networks	3-4 Years
Capital Tooling	3-5 Years
Cost of Dies	Per production units method

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

### 1.13 Intangible assets

#### Goodwill

Goodwill on acquisition of separate entity is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently

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if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

### Other Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss when the asset is derecognised.

### Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Category of assets	Useful Life (in years)
Software License	3 years
License Fees	Over the period of License

### 1.14 Impairment of tangible and intangible assets including goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and

(All amounts are in Crores in INR unless otherwise stated)

intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill and Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

### 1.15 Borrowings and Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of

## Notes forming part of the Standalone financial statements

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time to get ready for their intended use , are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Discount on Commercial Paper (the difference between the issue price and the redemption value) is amortised over the period of borrowings and recognised as discounting expense.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

### 1.16 Leases

The Company's lease asset classes primarily consist of leases for land, buildings and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of ₹ 4.55 Crores and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020.

#### Under Ind AS 17

In the comparative period, Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

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All other leases are classified as operating leases. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 1.17 Inventories

Inventories are valued at the lower of cost on moving weighted average basis and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 1.18 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.19 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.

### 1.20 Foreign currency transactions and translations

#### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

#### (ii) Transactions and balances

In preparing the standalone financial statement, transactions in currencies other than the entity's

functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit and loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit and loss on realisation/repayment of the monetary items.

### 1.21 Revenue Recognition

The Company derives revenues primarily from sale of Steering and Suspension Linkage Products, Steering Gear Products, Hydraulic products, Die casting products & other auto components. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

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

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the

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

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

### 1.22 Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

### 1.23 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Such grants are valued at fair value at the initial recognition.

Government grants are recognised in profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit and loss in the period in which they become receivable.

### 1.24 Employee benefits

#### (i) Short - Term employee benefits

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

#### (ii) Defined Contribution Plans

##### Provident Fund

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

##### Superannuation Fund

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

#### (iii) Defined Benefit Plan

##### Gratuity

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

#### (iv) Other Long term employee benefits

##### Compensated Absence

Accumulated compensated absences, which are expected to be availed or encashed within

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

### 1.25 Expenditure on Corporate Social Responsibility (CSR):

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

### 1.26 Research and Development expenses

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

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

### 1.27 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or (ii) Present obligations arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are

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expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Provisions for Warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto two years. As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

### 1.28 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit under the Income Tax Act for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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

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

### 1.29 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

#### Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or

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financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

#### Subsequent Measurement

##### 1.29.1 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets, except for investments forming part of interest in subsidiaries, which are measured at cost.

###### (i) Classification of financial assets

The Company classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss), and
- b) those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

###### (a) Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on these assets that is subsequently measured at amortised cost is recognised in profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

###### (b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in other income/ (expense).

###### (c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through

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profit or loss is recognised in the statement of profit and loss.

### (ii) Impairment of financial assets

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

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (iii) Derecognition of financial assets

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

## 1.29.2 Financial liabilities and equity instruments

### (i) Classification as equity or financial liability

Equity and Debt instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### (a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### (b) Financial liabilities at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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### (c) Financial liabilities at FVTPL

Liabilities that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through profit or loss is recognised in the statement of profit and loss.

### (ii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

## 1.29.3 Financial and Corporate guarantee contracts

A financial and corporate guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial and corporate guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

## 1.30 Derivative financial instruments

The Company is exposed to foreign currency risk arising out of Foreign currency revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans. The Company has a detailed foreign currency risk mitigation policy in place, including the use of derivatives like the forward currency contracts/ options contracts to hedge forecasted cash flows denominated in Foreign currency. The objective of the same is to mitigate the impact of foreign currency exchange fluctuations caused by transacting in foreign currency in case of future cash flows or highly probable forecast transactions. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including interest rate swaps and cross currency swaps.

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Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### 1.31 Hedge Accounting

The Company designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss, and is included in the 'Other income'. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit and loss in the periods when the hedged item affects profit and loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit and loss.

### 1.32 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2-Inventories or value in use in Ind AS 36-Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

Level 3 inputs are unobservable inputs for the asset or liability.

### 1.33 Earnings Per Share

Basic earnings per share is computed by dividing the net profit/(loss) after tax (including the post tax effect of exceptional items, if any) for the period attributable to equity shareholders 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 exceptional items, if any) for the period attributable to equity shareholders 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.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

### 1.34 Dividend

The final dividend on shares is recorded as a liability on the date of approval by shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

### 1.35 Segment reporting

The Company is engaged in the activities related to manufacture and supply of auto components for transportation industry. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment, namely components for transportation industry. The geographical segments considered for disclosure are - India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

### 1.36 Use of estimates and critical accounting judgements

The preparation of financial statements in conformity with Ind AS requires the management to make certain judgements, estimates and assumptions that may effect the application of accounting policies, reported amounts and related disclosures.

These judgements and estimates may have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review.

(All amounts are in Crores in INR unless otherwise stated)

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

All assumptions, expectations and forecasts that are used as a basis for judgements and estimates in the financial statements represent as accurately as possible for the Company. These judgements and estimates only represent management's interpretation as of the dates on which they were prepared.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Actual results may differ from these judgments and estimates.

Important judgements and estimates relate largely to provisions, employee benefit plans, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities and valuation of financial instruments.

Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**2 Property, plant and equipment and capital work-in-progress**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Carrying amounts of:</b>		
Freehold land	26.07	26.07
Buildings	77.23	79.00
Plant and equipment	217.23	226.07
Furniture and Fixtures	1.23	1.31
Office Equipments	3.52	3.67
Vehicles	0.29	0.29
Sub Total	325.57	336.41
Capital Work-in-progress	10.15	12.13
<b>Total</b>	<b>335.72</b>	<b>348.54</b>

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at April 1, 2018	26.07	79.92	313.69	2.92	7.94	0.58	431.12
Additions	-	8.51	42.46	0.35	1.42	0.06	52.80
Disposals	-	(0.01)	(1.48)	-	-	-	(1.49)
<b>Balance as at March 31, 2019</b>	<b>26.07</b>	<b>88.42</b>	<b>354.67</b>	<b>3.27</b>	<b>9.36</b>	<b>0.64</b>	<b>482.43</b>
Additions	-	1.90	36.18	0.59	1.93	0.10	40.70
Disposals	-	(0.06)	(0.82)	(0.01)	(0.05)	-	(0.94)
<b>Balance as at March 31, 2020</b>	<b>26.07</b>	<b>90.26</b>	<b>390.03</b>	<b>3.85</b>	<b>11.24</b>	<b>0.74</b>	<b>522.19</b>

**Accumulated depreciation**

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at April 1, 2018	-	6.04	82.42	1.30	3.93	0.23	93.92
Depreciation expense	-	3.38	46.18	0.66	1.76	0.12	52.10
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>9.42</b>	<b>128.60</b>	<b>1.96</b>	<b>5.69</b>	<b>0.35</b>	<b>146.02</b>
Depreciation expense	-	3.61	44.20	0.66	2.03	0.10	50.60
<b>Balance as at March 31, 2020</b>	<b>-</b>	<b>13.03</b>	<b>172.80</b>	<b>2.62</b>	<b>7.72</b>	<b>0.45</b>	<b>196.62</b>
Carrying amount as at March 31, 2019	26.07	79.00	226.07	1.31	3.67	0.29	336.41
Carrying amount as at March 31, 2020	26.07	77.23	217.23	1.23	3.52	0.29	325.57

**3 Goodwill**

Particulars	As at March 31, 2020	As at March 31, 2019
Cost/deemed cost	4.06	4.06
Accumulated impairment losses	-	-
<b>Total</b>	<b>4.06</b>	<b>4.06</b>

**Impairment tests for goodwill**

Goodwill has been allocated for impairment testing purposes to the identified cash-generating units.

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management.

Based on the assessment, management has concluded that there is no indicator of impairment for Goodwill.

**4 Right of use assets**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Carrying amounts of:</b>		
Right of use assets	3.68	-
	3.68	-

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	As at Land	As at Buildings	As at Vehicles	As at Others	As at Total
<b>Cost or deemed cost</b>					
Balance at beginning of the year 2019	-	-	-	-	-
Recognition of right of use assets on account of transition to IndAS 116	2.20	0.88	1.29	0.18	4.55
Disposals	-	-	-	-	-
<b>Balance at end of the year 2020</b>	<b>2.20</b>	<b>0.88</b>	<b>1.29</b>	<b>0.18</b>	<b>4.55</b>
<b>Accumulated amortisation</b>					
Balance at beginning of the year 2019	-	-	-	-	-
Amortisation expense	0.09	0.40	0.34	0.04	0.87
<b>Balance at end of the year 2020</b>	<b>0.09</b>	<b>0.40</b>	<b>0.34</b>	<b>0.04</b>	<b>0.87</b>
Carrying amount as at March 31, 2019	-	-	-	-	-
<b>Carrying amount as at March 31, 2020</b>	<b>2.11</b>	<b>0.48</b>	<b>0.95</b>	<b>0.14</b>	<b>3.68</b>

### 5 Other intangible assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Carrying amounts of:</b>		
Software Licence	0.59	1.39
<b>Total</b>	<b>0.59</b>	<b>1.39</b>
<b>Software Licence</b>		
Particulars	As at	
Cost or deemed cost		
<b>Balance at beginning of the year 2018</b>	<b>2.87</b>	
Additions		0.72
Disposals		-
<b>Balance at end of the year 2019</b>	<b>3.59</b>	
Additions		0.15
Disposals		-
<b>Balance at end of the year 2020</b>	<b>3.74</b>	
<b>Accumulated amortisation</b>		
<b>Balance at beginning of the year 2018</b>	<b>1.27</b>	
Amortisation expense		0.93
<b>Balance at end of the year 2019</b>	<b>2.20</b>	
Amortisation expense		0.95
<b>Balance at end of the year 2020</b>	<b>3.15</b>	
Carrying amount as at March 31, 2019		1.39
<b>Carrying amount as at March 31, 2020</b>	<b>0.59</b>	

### 6 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investments in equity instruments (fully paid-up) (Unquoted) At cost</b>		
Capsol Energy Private Limited	0.60	0.60
(6,00,000 number of equity shares @ ₹ 10 each)		
<b>Investment In Subsidiaries</b>		
Rane (Madras) International Holdings, B.V (Refer Note 7.1)	0.15	0.15
(20,000 number of equity shares @ Euro 1 each)		
Impairment in value of investments	(0.04)	-
<b>Total Non-Current Investments</b>	<b>0.71</b>	<b>0.75</b>
Aggregate carrying value of unquoted investments	0.71	0.75
Aggregate amount of impairment in value of investments	0.04	-

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**7 Loans receivable**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Loans receivable considered good - Unsecured		
a. Loans/NCRPS to related parties - are carried at amortized cost (Refer Note 7.1 and 34)	149.03	44.70
b. Loans receivables - Credit impaired	(35.90)	-
<b>Total</b>	<b>113.13</b>	<b>44.70</b>
<b>Current</b>		
Loans receivable considered good - Unsecured		
a. Loans to employees	0.23	0.24
<b>Total</b>	<b>0.23</b>	<b>0.24</b>

**7.1** As per requirements of Ind AS 36, the company / group has assessed the recoverable value of its total investment, loans and other financial assets in an operating wholly owned step down subsidiary (either directly or through the intermediate subsidiary) and provided for an impairment aggregating to 37.58 Crores as against the total financial exposure of ₹155.66 Crores represented by investments in equity shares, loans and other financial assets as at March 31, 2020 (Refer Note 6,7 and 8). In order to carry out the above assessment, projections of future cash flows based on the most recent long-term forecasts, including selling price as well as volumes are estimated over the next five years. The estimation of sales volumes is based on management's assessment of probability of securing the new businesses in the future, adverse business impact and uncertainties arising due to COVID-19 pandemic to the extent known.

The impact of Covid 19 on the Company's financial results/statements may differ from that estimated as at the date of approval of these financial results/statements dependent on circumstances that evolve in the future.

**8 Other financial assets**

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Security Deposits	8.30	8.11	-	0.12
Insurance Claims	10.08	10.08	1.28	4.33
Claims receivable	-	0.08	0.13	0.34
Margin money Deposits	-	-	0.12	0.17
Interest receivable (Refer Note 7.1)	4.60	2.37	0.36	0.26
Impairment of Interest receivable (Refer Note 7.1)	(1.11)	-	-	-
Tooling advance	26.92	17.23	-	-
Commission receivable (Refer Note 7.1)	1.88	1.87	-	-
Impairment of Commission receivable (Refer Note 7.1)	(0.53)	-	-	-
<b>Total</b>	<b>50.14</b>	<b>39.74</b>	<b>1.89</b>	<b>5.22</b>

**Note:**

Margin money with banks is restricted cash deposits and consists of collateral provided for bank guarantees.

**9 Income Tax assets (Net)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	9.95	7.13
Less: Current tax payable for the year	(3.69)	(25.23)
Add: Taxes paid	8.20	28.05
<b>Closing Balance</b>	<b>14.46</b>	<b>9.95</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 10 Other assets

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Other Non Financial Assets</b>				
Unsecured and considered good unless otherwise stated :				
Capital Advances	1.84	3.93	-	-
Advances paid to suppliers	-	-	3.88	4.46
Advance to Employees	-	-	0.12	0.20
Balance with Statutory Authorities	-	-	7.30	8.48
Deposit with government Authorities	5.07	5.12	-	-
Advance Fringe benefits tax	-	-	-	0.03
Prepayment against leasehold land	0.62	0.62	-	-
Prepaid Expenses	-	-	5.79	3.40
Export Entitlements	-	-	3.80	13.34
Total	7.53	9.67	20.89	29.91

### 11 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
(At lower of cost and net realisable value)		
Raw materials	34.93	42.47
Work-in-progress	11.11	12.32
Finished goods	64.73	75.05
Stores and spares	19.01	18.58
Goods in transit (Finished Goods)	3.66	6.29
<b>Total</b>	<b>133.44</b>	<b>154.71</b>

The cost of inventories recognised as an expense during the year is as per Note No. 25.

The cost of inventories recognised as an expense includes ₹ Nil (during 2018-19: ₹ 0.10 crores) in respect of write-downs of inventory to net realisable value, and has been reduced by ₹ 0.26 crores (during 2018-19: ₹ Nil) in respect of the reversal of such write-downs.

The mode of valuation of inventories has been stated in note 1.17

### 12 Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables Considered good - Unsecured	162.91	218.88
Trade receivable - Credit impaired	1.31	4.92
<b>Sub Total</b>	<b>164.22</b>	<b>223.80</b>
Less: Allowance for credit impaired (expected credit loss allowance)	(1.32)	(4.92)
<b>Total</b>	<b>162.91</b>	<b>218.88</b>

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience based on : a) Past trend of outstanding receivables > 120 days over a rolling period of past 24 months ; b) Past trend of the actual amount of bad debts written off over a rolling period of past 24 months and c) actual amount of outstanding receivables greater than 120 days as on the reporting date. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The range of provision created as a percentage of outstanding under various age groups below 120 days past ranges between 0% to 5%. The Company as a policy provides for Expected Credit Loss (ECL) of an amount arrived as per (a), (b), (c), whichever is higher

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

- (i) Movements in allowance for credit losses of receivables as per ECL is as below

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	4.92	3.63
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(3.61)	1.29
Bad debts written off/written back	-	-
<b>Balance at the end of the year</b>	<b>1.31</b>	<b>4.92</b>

**13 Cash and cash equivalents**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks (including deposits with original maturity upto 3 months)		
In Current account	12.26	3.49
In EEFC account	4.07	6.46
In Deposit account	-	0.39
Cash on hand	0.19	0.19
<b>Total</b>	<b>16.52</b>	<b>10.53</b>

## Reconciliation of cash and cash equivalents to cash flow statement

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents as above	16.52	10.53
Add: Exchange loss/(Gain) on EEFC account	(0.05)	0.08
<b>Total</b>	<b>16.47</b>	<b>10.61</b>

**14 Other bank balances**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks in earmarked accounts		
- In Unpaid Dividend account	0.18	0.18
<b>Total</b>	<b>0.18</b>	<b>0.18</b>

**15 Equity share capital**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>AUTHORISED :</b>		
Equity Shares:		
2,50,00,000 Equity Shares of ₹ 10 each	25.00	25.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,25,53,891 Equity Shares of ₹ 10 each fully paid-up	12.55	11.97
1,25,53,891 fully paid Equity shares of ₹ 10 each (as at March 31, 2019 : 1,19,73,171 fully paid Equity shares of ₹ 10 each)	12.55	11.97

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 15.1 Movement in equity share capital

Particulars	2019-20		2018-19	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
Equity Shares of ₹ 10 each fully paid up				
At the beginning of the year	1,19,73,171	11,97,31,710	1,16,07,541	11,60,75,410
Allotment of shares under preferential issue	5,80,720	58,07,200	3,65,630	36,56,300
At the end of the year	1,25,53,891	12,55,38,910	1,19,73,171	11,97,31,710

#### Rights, preferences and restrictions attached to Shares mentioned above :

The Company has one class of equity share having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Additions during the year represents fresh issue of equity shares to Rane Holdings Limited on Preferential allotment.

### 15.2 Shares of the Company held by holding company

Name of the Share holder	No of shares held as at			
	March 31, 2020		March 31, 2019	
	Nos.	%	Nos.	%
Rane Holdings Ltd	79,61,398	63.42%	73,80,678	61.64

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

Name of the Share holder	No of shares held as at			
	March 31, 2020		March 31, 2019	
	Nos.	%	Nos.	%
Rane Holdings Ltd	79,61,398	63.42%	73,80,678	61.64

### 16 Other equity

Particulars	As at	
	March 31, 2020	March 31, 2019
General Reserve	185.89	160.06
Securities Premium	98.20	82.11
Amalgamation adjustment account	(0.20)	(0.20)
Capital redemption reserve	12.73	12.73
Money Received against Share warrant	8.33	-
Retained Earnings	(13.78)	44.60
Cash flow hedging reserve	(2.79)	-
<b>Total</b>	<b>288.38</b>	<b>299.30</b>

Particulars	As at	
	March 31, 2020	March 31, 2019
General Reserve		
Opening balance	160.06	127.70
Add :Addition during the year	25.83	32.36
<b>Closing balance</b>	<b>185.89</b>	<b>160.06</b>

**Notes forming part of the Standalone financial statements**

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(All amounts are in Crores in INR unless otherwise stated)

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit or loss.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Securities Premium</b>		
Opening balance	82.11	62.47
Add :Addition during the year	16.09	19.64
<b>Closing balance</b>	<b>98.20</b>	<b>82.11</b>
Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013 (the "Companies Act").		
Additions during the year represents Premium received on fresh issue of equity shares to Rane Holdings Limited on Preferential allotment		
<b>Amalgamation Adjustment account</b>		
Opening balance	(0.20)	(0.20)
Add :Addition during the year	-	-
<b>Closing balance</b>	<b>(0.20)</b>	<b>(0.20)</b>
At the time of business combination under common control, amalgamation adjustment reserve of transferor Company becomes the amalgamation adjustment reserve of transferee Company.		
<b>Capital Redemption Reserve</b>		
Opening balance	12.73	12.73
Add :Addition during the year	-	-
<b>Closing balance</b>	<b>12.73</b>	<b>12.73</b>
The Companies Act requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the redemption of preference shares issued in earlier years.		
<b>Money Received against Share warrant</b>		
Opening balance	-	5.00
Add :Additions/(Deletions) during the year	8.33	(5.00)
<b>Closing balance</b>	<b>8.33</b>	<b>-</b>
Ind AS 33 Earnings per Share defines 'warrants' as "financial instruments which give the holder the right to acquire equity shares". Thus, effectively, warrants are the amount which would ultimately form part of the Shareholders' funds. Since shares were yet to be allotted against the same as at March 31, 2020, these were not reflected as part of Share Capital but as a separate line item - 'Money received against share warrants.'		
Additions during the year represents monies received from Rane Holdings Limited (Holding company) on account of Preferential issue of share warrants allotted during the year.		
<b>Retained Earnings</b>		
Balance at the beginning of the year	44.60	46.51
Profit/(Loss) attributable to equity shareholders of the company	(24.43)	47.24
Other comprehensive income/(loss) arising from remeasurement of defined benefit obligation net of income tax	(1.62)	(0.53)
Transfer to General Reserve	(25.83)	(32.36)
Payment of dividend on equity shares	(6.50)	(16.26)
<b>Balance at the end of the year</b>	<b>(13.78)</b>	<b>44.60</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

The amount that can be distributed by the Company as dividend to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013.

In respect of the year ended March 31, 2020, the board had declared and paid an interim dividend on equity shares at ₹ Nil per equity share amounting to ₹ Nil crores inclusive of Dividend Distribution Tax of ₹ Nil crores (For year ended March 31, 2019 ₹ 4.00 per equity share amounting to ₹ 5.76 Crores inclusive of Dividend Distribution Tax of ₹ 0.98 Crores). The directors propose that a final dividend of ₹ Nil per share (For year ended March 31, 2019 ₹ 4.50 per share) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ Nil Crores along with Dividend Distribution tax of ₹ Nil Crores (For the year ended March 31, 2019 ₹ 5.39 Crores along with Dividend Distribution tax of ₹ 1.11 Crores).

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Hedging Reserve</b>		
Balance at the beginning of the year	-	0.61
Gain / (loss) recognised on cash flow hedges	(4.29)	(0.79)
Income tax relating to gain/loss recognised on cash flow hedges	1.50	0.18
<b>Balance at the end of the year</b>	<b>(2.79)</b>	-

The cumulative effective portion of gain or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss or are included as an adjustment to the cost of the related non-financial hedged item.

The Company has designated certain foreign currency contracts as cash flow hedges in respect of foreign exchange risks.

### 17A Non-current borrowings

Particulars	Non-Current		Current Maturities (Refer Note 18)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Unsecured - at amortised cost</b>				
Term Loans				
- from banks	30.00	15.00	-	-
<b>Sub Total</b>	<b>30.00</b>	<b>15.00</b>	<b>-</b>	<b>-</b>
<b>Secured - at amortised cost</b>				
Term Loans				
- from banks	109.83	97.36	58.89	36.66
<b>Sub Total</b>	<b>109.83</b>	<b>97.36</b>	<b>58.89</b>	<b>36.66</b>
Less: Unamortised Borrowing Costs	0.01	0.07	-	-
<b>Total</b>	<b>139.82</b>	<b>112.29</b>	<b>58.89</b>	<b>36.66</b>

#### Summary of borrowing arrangements

Secured loans include loan from banks. The Secured Loans outstanding as at March 31, 2020 are secured by a charge created on the Company's fixed assets both present and future(excluding Velachery and Mysuru properties).

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

The terms of repayment of term loans are given below

**As at March 31, 2020****Secured**

<b>Particulars</b>	<b>Terms of repayment</b>
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from January 2018 with 2 Years of moratorium period
ICICI Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from April 2019 with 3 Years of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from March 2019 with 2 Years of moratorium period
SCB - INR Long Term Loan	Repayable in 10 equal quarterly Instalments commencing from January 2020 with 30 months of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 16 equal quarterly Instalments commencing from September 2020 with 1 Year of moratorium period (after considering Moratorium announced by RBI)
Federal Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from June 2021 with 2 years of moratorium period
<b>Unsecured</b>	
Axis Bank - INR Long Term Loan	Repayable in single Instalment in November 2020 (after considering Moratorium announced by RBI)

The interest rate for INR loans range from 8.40% p.a to 9.10% p.a.

The Company has opted to avail the moratorium announced by RBI vide notification dated March 27, 2020 and May 23, 2020 as part of COVID-19 regulatory package consequent to which Term Loan principal repayment from April 2020 to August 2020 has been rescheduled

**As at March 31, 2019****Secured**

<b>Particulars</b>	<b>Terms of repayment</b>
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from January 2018 with 2 Years of moratorium period
ICICI Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from April 2019 with 3 Years of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from March 2019 with 2 Years of moratorium period
SCB - INR Long Term Loan	Repayable in 10 equal quarterly Instalments commencing from January 2020 with 30 months of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 16 equal quarterly Instalments commencing from June 2020 with 1 Year of moratorium period
<b>Unsecured</b>	
Axis Bank - INR Long Term Loan	Repayable in single Instalment in May 2020

The interest rate for INR loans range from 8.75% p.a to 9.40% p.a

**Breach of Loan agreement**

There is no breach of loan agreements with banks.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 17B Current borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured - at amortised cost</b>		
Other loans from banks (Short term Loan)	20.00	40.00
Bill Discounting*	5.87	4.50
<b>Secured - at amortised cost**</b>		
Loan repayable on demand		
- from banks	0.04	0.01
Other loans from banks	133.04	126.63
	158.95	171.14
Less: Unamortised Borrowing Costs		
<b>Total</b>	<b>158.95</b>	<b>171.14</b>

\*Bill discounting represent amount received against finance receivables securitized / assigned, which does not qualify for derecognition.

\*\*Secured loans include cash credit, packing credit, Buyers Credit and working capital demand loan from banks. The Secured Loans outstanding as at March 31, 2020 are secured on a pari passu basis by way of hypothecation of inventories and book debts.

### 18 Other financial liabilities

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	-	-	0.89	0.76
Unclaimed dividends	-	-	0.17	0.18
Current maturities of long-term debt	-	-	58.89	36.66
Financial guarantee*	0.07	0.29	0.22	0.37
Security Deposits - Others	-	-	0.43	0.92
Tooling advance received from customers	2.14	8.12	-	-
Employee benefit payable	-	-	8.36	6.19
Derivative Liability	-	-	4.29	-
Lease liability	3.12	-	0.80	-
Commission payable to Chairman	-	-	0.30	1.44
Payables on purchase of fixed assets	-	-	0.37	0.68
Others	-	-	0.10	0.13
<b>Total</b>	<b>5.33</b>	<b>8.41</b>	<b>74.82</b>	<b>47.33</b>

\*The financial guarantee represent the corporate guarantees given by the Company on behalf of its subsidiary companies. The Company charges an arms' length price for such guarantees. The amount included above represents the higher of a) unamortised guarantee commission income and b) expected loss upon devolvement of the guarantee.

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**19 Provisions**

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for leave encashment (Refer note 35)	6.09	6.21	1.24	1.33
Provision for Warranty	-	-	5.42	6.98
<b>Total</b>	<b>6.09</b>	<b>6.21</b>	<b>6.66</b>	<b>8.31</b>

**(i) Information about individual provisions and significant estimates****Provision for leave encashment**

The provision for employee benefits includes annual leave and vested long service leave entitlements accrued.

**Provision for Warranty**

Refer Note 1.27

**(ii) Movements in provisions**

Movements in each class of provision during the financial year, are set out below:

Particulars	Provision for leave encashment	Provision for Warranty
As at April 1, 2019	7.54	6.98
Charged/ (credited) to profit or loss	0.85	3.49
Amounts utilised during the year	(1.06)	(5.05)
<b>As at March 31, 2020</b>	<b>7.33</b>	<b>5.42</b>

**20 Other liabilities**

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Revenue received in advance				
- Deferred revenue arising from government grant (note (i) below)	2.49	3.98	1.85	1.90
Statutory remittances (Contributions PF and ESIC, Withholding Taxes etc.)	-	-	1.87	2.14
Advances and Deposits from Customers/Others	-	-	0.99	0.62
Accrued Gratuity (Refer note 35)	-	-	10.21	7.33
<b>Total</b>	<b>2.49</b>	<b>3.98</b>	<b>14.92</b>	<b>11.99</b>

**Note :**

- (i) The deferred revenue comprise of the benefit received from government as grant at a subsidised price for setting up business and government grant pertaining to capital goods imported under EPCG Scheme and recognised the same as deferred income with the corresponding impact in property, plant and equipment.

**21 Deferred tax balances**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	(1.69)	(6.77)
MAT Credit	-	-
<b>Total</b>	<b>(1.69)</b>	<b>(6.77)</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### Movements in deferred tax liabilities

Particulars	Provision for expense	Termination benefit under VRS	Depreciation	Cash flow hedge reserve	Others	Total
As at April 1, 2018	6.27	0.78	(21.22)	(0.18)	5.00	(9.35)
Charged/(Credited)						
- to profit & loss	1.57	(0.44)	0.20	-	0.78	2.11
- to other comprehensive income	-	-	-	0.18	0.29	0.47
As at March 31, 2019	7.84	0.34	(21.02)	-	6.07	(6.77)
Charged/(Credited)						
- to profit & loss	0.15	(0.31)	3.05	-	(0.18)	2.71
- to other comprehensive income	-	-	-	1.50	0.87	2.37
As at March 31, 2020	7.99	0.03	(17.97)	1.50	6.76	(1.69)

## 22 Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables-Micro enterprises and Small enterprises	9.03	11.54
Trade payables-Other than Micro enterprises and Small enterprises	122.76	144.58
Trade payables-Acceptances	22.59	34.65
<b>Total</b>	<b>154.38</b>	<b>190.77</b>

Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of confirmations from such parties collected by the Management till date.

### 22.1 Micro and small enterprises :

Particulars	As at March 31, 2020	As at March 31, 2019
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	9.03	11.54
- Interest	-	-
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	0.87	5.47
- Interest	0.01	0.09
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	-	-
- Interest	-	-
The amount of interest accrued and remaining unpaid at the end of the year ((Previous year ₹ Nil Crores) being interest outstanding as at the beginning of the accounting year)		
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.		

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**23 Revenue from operations**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sales of Products	1,055.59	1,327.32
Other operating revenues		
- Scrap sales	9.68	15.82
- Sale of raw materials	3.64	2.89
- Sale of Tools	21.48	12.07
- Job charges	0.05	0.72
- Export Entitlements	10.08	11.43
<b>Total</b>	<b>1,100.52</b>	<b>1,370.25</b>

**23.1 Disaggregation of the revenue Information**

The table below presents disaggregated revenues from contracts with customers which is recognised based on goods transferred at a point of time by geography and offerings of the Company.

As per the management, the below disaggregation best depicts the nature, amount, timing and uncertainty of how revenues and cash flows are affected by industry, market and other economic factors.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue by Geography		
India	820.28	1041.73
Outside India	235.31	285.59
<b>Total revenue from contracts with customers</b>	<b>1055.59</b>	<b>1327.32</b>
Revenue by offerings		
Manufactured goods		
Steering and Suspension Linkage Products	317.80	450.99
Steering Gear Products	568.85	644.03
Hydraulic Products	43.80	59.91
Diecasting products	79.79	120.09
Other Auto components	45.35	52.30
<b>Total revenue from contracts with customers</b>	<b>1055.59</b>	<b>1327.32</b>

**23.2 Trade Receivables**

The Company classifies the right to consideration in exchange for deliverables as receivable.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognized as and when the related goods are delivered to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

**23.3 Transaction price allocated to the remaining performance obligation**

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 24 Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income earned on financial assets that are not designated at fair value through profit or loss		
-- On Deposits	0.30	0.28
-- On Supplier payments	0.14	0.16
-- On RMIH B.V.	1.80	1.05
Net gain on foreign currency transactions	12.76	-
Net Gain on disposal of property, plant and equipment	0.15	0.14
Other non-operating income		
-- Guarantee Commission	0.37	0.44
-- Government Grant Income	1.54	1.91
-- Other non-operating Income	1.65	6.59
<b>Total</b>	<b>18.71</b>	<b>10.57</b>

### 25 Cost of materials consumed

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock	42.47	28.21
Add: Purchases	623.24	814.07
Less: Closing stock	(34.93)	(42.47)
Raw materials and Components consumed*	630.78	799.81
Freight inward	12.17	15.78
Job work expenses	40.09	49.38
<b>Total</b>	<b>683.04</b>	<b>864.97</b>
* includes cost of raw materials and components sold	3.21	2.62

### 26 Changes in inventories of finished goods and work-in-progress

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Opening Stock:</b>		
Work-in-progress	12.32	15.21
Finished goods	81.34	79.56
<b>Closing Stock:</b>		
Work-in-progress	11.11	12.32
Finished goods	68.39	81.34
<b>(Increase)/Decrease in Stocks</b>	<b>14.16</b>	<b>1.11</b>

### 27 Employee benefit expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, Wages and Bonus	122.22	128.10
Contribution to		
Provident and Other Funds ( Refer Note 35)	5.83	6.48
Superannuation Fund ( Refer Note 35)	0.74	0.78
National Pension Scheme	0.13	0.07
Gratuity Fund (Refer Note 35)	1.99	1.78
Staff Welfare Expenses	11.03	11.30
<b>Total</b>	<b>141.94</b>	<b>148.51</b>

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**28 Finance cost**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Interest costs:</b>		
Interest on bank overdrafts and loans (other than those from related parties)	30.36	24.85
Discount on Commercial paper	-	2.25
Other Borrowing costs	1.21	1.25
Interest on lease liabilities	0.38	-
<b>Total</b>	<b>31.95</b>	<b>28.35</b>

**29 Depreciation and amortisation expense**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on Property, plant and equipment (Note 2)	50.60	52.10
Depreciation on Right to use assets (Note 4)	0.87	-
Amortisation of Intangible assets (Note 5)	0.95	0.93
<b>Total</b>	<b>52.42</b>	<b>53.03</b>

**30 Other expenses**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and Fuel*	27.75	31.58
Rent expense	0.58	0.94
Travelling and Conveyance	8.12	10.48
Repairs and Maintenance		
- Buildings	3.45	4.33
- Plant and Machinery	11.26	15.57
- Others	1.66	2.17
Insurance	4.71	4.00
Rates and Taxes, excluding taxes on income	1.50	1.30
Auditors' Remuneration (Refer Note 30.1)	0.46	0.47
Directors' Sitting Fees	0.19	0.16
Professional Charges	12.13	9.89
Provision for Doubtful Debts and Advances	(3.61)	1.29
Consumption of stores and spares	38.97	48.69
Packing materials consumed	28.55	33.63
Royalty and Technical Fees	0.37	0.77
Information Systems	5.21	4.46
Commission to Chairman	0.30	1.44
Freight Outward and Storage charges	23.65	22.36
Advertisement and Sales Promotion	0.73	3.37
Product Warranty	3.49	2.23
Trade Mark fee	5.12	6.46
Printing and Stationery	1.31	1.50
Postage and Telecom expenses	0.85	0.97
Bank Charges	0.77	0.61
Corporate Social Responsibility Expenditure (Refer Note 30.2)	1.04	1.08
Leasehold Land Amortisation	0.01	0.01
Net loss/(gain) on foreign currency transactions	-	1.49
Miscellaneous Expenses	3.02	3.24
<b>Total</b>	<b>181.59</b>	<b>214.49</b>

\* Includes Rs. 1.12 Crores for 2018-19 paid towards certain operating lease arrangement with third party vendors.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Included in other expenses are the below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>30.1. Payment to auditors</b>		
a) For audit	0.28	0.28
b) For taxation matters	0.03	0.05
c) For limited review fee	0.08	0.08
d) For certification fee	0.06	0.05
e) For reimbursement of expenses	0.01	0.01
<b>Total</b>	<b>0.46</b>	<b>0.47</b>
<b>30.2. Expenditure incurred for Corporate social responsibility</b>		
Total expenditure towards corporate social responsibility	1.04	1.08
(i) Construction/acquisition of any asset	0.04	-
(ii) On purposes other than (i) above	1.00	1.08
Amount required to be spent u/s 135 of the Companies Act, 2013	1.04	0.71
Excess / (Shortfall)	-	0.37

### 31 Tax expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income taxes</b>		
Income tax recognised in profit or loss		
<b>Current tax</b>		
In respect of current year	3.69	25.23
	3.69	25.23
<b>Deferred tax</b>		
In respect of current year	(2.71)	(2.11)
Deferred tax recognised in profit or loss		
In India	(2.71)	(2.11)
<b>Total income tax expense recognised in the current year</b>	<b>0.98</b>	<b>23.12</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit/ (loss) before tax</b>	<b>(23.45)</b>	<b>70.36</b>
Add: Exceptional item - Impairment	37.58	-
	14.13	70.36
Income Tax expense calculated at 34.94% (2018-19: 34.94%)	4.94	24.58
Effect of concessions (research and development related to Capital and Revenue)	(3.17)	(2.46)
Interest expense related to MSME enterprises	-	0.04
Income on sale of fixed assets	(0.05)	(0.05)
Difference between book and tax written down value of Depreciable assets	0.71	1.67
Deduction u/s 32AD of The Income Tax Act, 1961	(0.06)	(0.04)
Deferred Income impact due to Government Grant (EPCG)	(0.54)	(0.65)
Donation	0.15	0.22
Income exempt under 80JJAA of the Income Tax Act, 1961	(0.06)	(0.06)
Remeasurement of Defined Benefit Obligations	(0.87)	-
Others	(0.07)	(0.13)
<b>Income Tax expense recognised in profit or loss</b>	<b>0.98</b>	<b>23.12</b>

The tax rate used for the 2019-20 and 2018-19 tax computation above is the corporate tax rate of 34.94% payable by corporate entities in India on taxable profits under the Indian tax law.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 32 Financial Instruments

#### 32.1 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company.

The Company's capital management is intended to create value for shareholders by achieving the long term and short term goals of the Company, maintain the Company as a going concern and maintain optimal structure.

The Company determines the amount of capital required on the basis of annual operating plan coupled with long term and strategic investment and expansion plans. The funding needs are met through cash generated from operations, long term and short term bank borrowings and issue of non-convertible debt securities as and if the need arises.

The Company monitors the capital structure on the basis of debt to equity, debt to capital employed etc. and the maturity profile of the overall debt portfolio of the Company.

Net debt includes interest bearing borrowings less cash and cash equivalents, other bank balances (including non-current earmarked balances) and current investments.

The table below summarises the capital, net debt and net debt to equity ratio of the Company.

Particulars	As at March 31, 2020	As at March 31, 2019
Debt *	357.66	320.09
Cash and bank balances	(16.70)	(10.71)
Net debt	340.96	309.38
Total Equity**	300.93	311.27
<b>Net debt to equity ratio</b>	<b>1.13</b>	<b>0.99</b>

\*Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts).

\*\* Equity includes all capital and reserves of the Company that are managed as capital.

#### 32.2 Fair Value Measurement

##### Financial Instrument by Category

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Loans	-	-	113.36	-	-	44.94
Investments	-	-	0.71	-	-	0.75
Trade Receivables	-	-	162.91	-	-	218.88
Cash and Cash Equivalents	-	-	16.52	-	-	10.53
Bank balances other than above	-	-	0.18	-	-	0.18
Security Deposits	-	-	8.30	-	-	8.23
Insurance Claims	-	-	11.36	-	-	14.41
Claims receivable	-	-	0.13	-	-	0.42
Margin money Deposits	-	-	0.12	-	-	0.17
Interest receivable	-	-	3.85	-	-	2.63
Tooling advance	-	-	26.92	-	-	17.23
Commission receivable from related parties	1.35	-	-	1.87	-	-
<b>Total Financial Assets</b>	<b>1.35</b>	<b>-</b>	<b>344.36</b>	<b>1.87</b>	<b>-</b>	<b>318.22</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	357.66	-	-	320.09
Interest accrued but not due on borrowings	-	-	0.89	-	-	0.76
Trade Payables	-	-	154.38	-	-	190.77
Unclaimed dividends	-	-	0.17	-	-	0.18
Lease liability	-	-	3.92	-	-	-
Financial guarantee	0.29	-	-	0.66	-	-

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Security Deposits - Others	-	-	0.43	-	-	0.92
Tooling advance received from customers	-	-	2.14	-	-	8.12
Employee benefit payable	-	-	8.36	-	-	6.18
Derivative Liability	-	4.29	-	-	-	-
Commission payable to Chairman	-	-	0.30	-	-	1.44
Payables on purchase of fixed assets	-	-	0.37	-	-	0.68
Others	-	-	0.10	-	-	0.14
<b>Total Financial Liabilities</b>	<b>0.29</b>	<b>4.29</b>	<b>528.72</b>	<b>0.66</b>	-	<b>529.28</b>

The below tables summarise the fair value hierarchy of the financial assets/liabilities

- i. The fair value hierarchy of financial assets and liabilities carried at fair value

Particulars	As at March 31, 2020	As at March 31, 2019	Fair Value Hierarchy (Level 1,2,3)*	Valuation Technique
<b>Financial assets</b>				
Commission receivable from related parties	1.35	1.87	2	The fair value of the guarantee (using the principles of Ind AS 113, Fair Value Measurement) is determined based on the fee that it would be required to pay to a market participant (e.g., a bank) to provide a similar guarantee.
Derivative financial instruments:	-	-	2	Fair value of forward exchange contract and option contract is determined using forward exchange and MTM rates at the reporting date respectively.
Fair value Derivative Hedging receivable				
<b>Total</b>	<b>1.35</b>	<b>1.87</b>		
<b>Financial liabilities</b>				
Financial guarantee	0.29	0.66	2	The fair value of the guarantee (using the principles of Ind AS 113, Fair Value Measurement) is determined based on the fee that it would be required to pay to a market participant (e.g., a bank) to provide a similar guarantee.
Derivative financial liabilities:	4.29	-	2	Fair value of forward exchange contract and option contract is determined using forward exchange and MTM rates at the reporting date respectively.
Fair value Derivative Hedging liability				
<b>Total</b>	<b>4.58</b>	<b>0.66</b>		

- ii. Fair value of financial assets/liabilities that are not measured at fair value

The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value.

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Particulars	As at March 31, 2020		As at March 31, 2019		Fair Value Hierarchy (Level 1,2,3)*	
	Carrying amount	Fair value	Carrying amount	Fair value		
<b>Financial assets</b>						
<b>Financial assets at amortised cost:</b>						
Loans	113.36	113.36	44.94	44.94	3	
Investments	0.71	0.71	0.75	0.75	3	
Trade Receivables	162.91	162.91	218.88	218.88	3	
Cash and Cash Equivalents	16.52	16.52	10.53	10.53	3	
Bank balances other than above	0.18	0.18	0.18	0.18	3	
Security Deposits	8.30	8.30	8.23	8.23	3	
Insurance Claims	11.36	11.36	14.41	14.41	3	
Claims receivable	0.13	0.13	0.42	0.42	3	
Margin money Deposits	0.12	0.12	0.17	0.17	3	
Interest receivable	3.85	3.85	2.63	2.63	3	
Tooling advance	26.92	26.92	17.23	17.23	3	
<b>Total Financial Assets</b>	<b>344.36</b>	<b>344.36</b>	<b>318.37</b>	<b>318.37</b>		
<b>Financial liabilities</b>						
<b>Financial liabilities held at amortised cost:</b>						
Borrowings	357.66	357.66	320.09	320.09	3	
Trade Payables	154.38	154.38	190.77	190.77	3	
Unclaimed dividends	0.17	0.17	0.18	0.18	3	
Lease liability	3.92	3.92	-	-	3	
Interest accrued but not due on borrowings	0.89	0.89	0.76	0.76	3	
Security Deposits - Others	0.43	0.43	0.92	0.92	3	
Tooling advance received from customers	2.14	2.14	8.12	8.12	3	
Employee benefit payable	8.36	8.36	6.18	6.18	3	
Commission payable to Chairman	0.30	0.30	1.44	1.44	3	
Payables on purchase of fixed assets	0.37	0.37	0.68	0.68	3	
Others	0.10	0.10	0.14	0.14	3	
<b>Total Financial Liabilities</b>	<b>528.72</b>	<b>528.72</b>	<b>529.28</b>	<b>529.28</b>		

\* Fair Value Hierarchy (Level 1,2,3)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and deposits included in level 3.

### 32.3 Financial risk management objectives

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual credit profile of each customer and the concentration of risk from the top few customers.

The risk management objective of the company is to hedge risk of change in the foreign currency exchange rates associated with it's direct & indirect transactions denominated in foreign currency. Since most of the transactions of

## Notes forming part of the Standalone financial statements

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(All amounts are in Crores in INR unless otherwise stated)

the company are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

### (a) Market risk

The Company operates on a global platform and a portion of the business is transacted in multiple currencies. Consequently, the Company is exposed to foreign exchange risk through its sales in the United States, European Union and other parts of the world, and purchases from overseas suppliers in different foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

#### Foreign Currency risk management

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

The carrying amounts of the company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows

Particulars	As at March 31, 2020		As at March 31, 2019	
	In ₹ (Crores)	In Foreign Currency (Crores)	In ₹ (Crores)	In Foreign Currency (Crores)
	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)
<b>Financial Assets</b>				
USD				
Loans	33.82	0.45	31.05	0.45
Trade Receivable	41.22	0.55	61.48	0.89
Advances	3.86	0.05	1.58	0.02
EUR				
Loans	115.23	1.39	13.68	0.18
Trade Receivable	10.31	0.12	4.39	0.06
Advances	0.75	0.01	0.73	0.01
Equity Investments	0.15	-	0.15	-
GBP				
Advances	0.06	-	0.14	-
<b>Sub Total</b>	<b>205.40</b>		<b>113.20</b>	
<b>Financial Liabilities</b>				
USD				
Loans	(3.10)	(0.04)	(27.14)	(0.39)
Trade Payable	(2.38)	(0.03)	(3.72)	(0.05)
EUR				
Loans	-	-	-	-
Trade Payable	(2.81)	(0.03)	(0.24)	-
JPY				
Trade Payable	(0.02)	(0.02)	-	-
<b>Sub Total</b>	<b>(8.31)</b>		<b>(31.10)</b>	
<b>Net Balance</b>	<b>197.11</b>		<b>82.11</b>	

#### Foreign Currency sensitivity analysis

The Company is mainly exposed to US Dollar and EURO currencies. The following table details the Company's sensitivity to a 5% increase and decrease against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign

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currency rates. The sensitivity analysis includes loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Indian Rupee strengthens by 5% against the relevant currency. For a 5% weakening of the Indian Rupee against the relevant currency, there would be a comparable impact on the profit or equity.

Particulars	Currency USD impact		Currency EUR impact		Currency GBP impact	
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Impact on profit or loss for the year</b>						
- Increase by 5%	3.67	3.16	0.42	0.25	-	0.01
- Decrease by 5%	(3.67)	(3.16)	(0.42)	(0.25)	-	(0.01)
<b>Impact on other components of equity as at the end of the reporting period</b>						
- Increase by 5%	3.67	3.16	0.42	0.25	-	0.01
- Decrease by 5%	(3.67)	(3.16)	(0.42)	(0.25)	-	(0.01)

In management's opinion, the sensitivity analysis is not a complete reflection of the inherent foreign exchange risk considering the fact that the exposure at the end of the reporting period does not reflect the exposure during the year.

### Derivative Financial Instruments

The Company operates on a global platform and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows, both incoming and outgoing.

The Company holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. It is the policy of the Company to enter into forward foreign exchange and option contracts to cover specific foreign currency payments and receipts within a specific range. The Company also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions ranging from 6 months to One year by covering a specific range of exposure generated. Adjustments are made to the initial carrying amount of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following table details the forward foreign currency (FC)and option contracts outstanding at the end of the reporting period:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Foreign currency (In Crores)	In ₹ (In Crores)	Foreign currency (In Crores)	In ₹ (In Crores)
<b>Derivatives designated as cash flow hedges</b>				
<b>Forward Contracts</b>				
In USD	1.16	85.77	-	-
In Euro	0.31	26.19	-	-
<b>Total forwards and options</b>		<b>111.96</b>		-

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The foreign exchange forward and options contracts mature within 12 months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than 1 month	8.65	-
Later than 1 month but not later than 3 months	20.46	-
Later than 3 months upto 6 months	22.39	-
Later than 6 months but not later than 1 year	60.46	-
<b>Total</b>	<b>111.96</b>	-

The Company has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedge reserve are expected to occur and reclassified to revenue in the Statement of Profit and loss within 3-12 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The reconciliation of cash flow hedge reserve for the year ended March 31, 2020 is as follows :

Particulars	As at March 31, 2020
<b>Balance at the beginning of the year</b>	<b>-</b>
Gain/loss recognised in other comprehensive income during the period	(4.29)
Tax impact on above	1.50
<b>Balance at the end of the year</b>	<b>(2.79)</b>

### (b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, investments carried at cost value and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

#### (i) Expected credit loss for investments, loans and security deposits

The estimated gross carrying amount at default is Nil (March 31, 2019: Nil) for Investments, loans and deposits. Consequently there are no expected credit loss recognised for these financial assets.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

#### (ii) Expected credit loss for trade receivables under simplified approach

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience based on :

## Notes forming part of the Standalone financial statements

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- a) Past trend of outstanding receivables > 120 days over a rolling period of past 24 months ;
- b) Past trend of the actual amount of bad debts written off over a rolling period of past 24 months and
- c) actual amount of outstanding receivables greater than 120 days as on the reporting date.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Company as a policy provides for Expected Credit Loss (ECL) of an amount arrived as per (a), (b), (c), whichever is higher.

### (c) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

### Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020

Particulars	Less than 1 year	1-5 year	More than 5 years	Total contractual cash flows	Carrying amount
Borrowings	217.84	139.82	-	357.66	357.66
Interest accrued but not due on borrowings	0.89	-	-	0.89	0.89
Trade Payables	154.38	-	-	154.38	154.38
Unclaimed dividends	0.17	-	-	0.17	0.17
Lease liability	0.80	2.17	0.95	3.92	3.92
Financial guarantee	0.22	0.07	-	0.29	0.29
Security Deposits - Others	0.43	-	-	0.43	0.43
Tooling advance received from customers	-	2.14	-	2.14	2.14
Employee benefit payable	8.36	-	-	8.36	8.36
Derivative liability	4.29	-	-	4.29	4.29
Commission payable to Chairman	0.30	-	-	0.30	0.30
Payables on purchase of fixed assets	0.37	-	-	0.37	0.37
Others	0.10	-	-	0.10	0.10
<b>Total</b>	<b>388.15</b>	<b>144.20</b>	<b>0.95</b>	<b>533.30</b>	<b>533.30</b>

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The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019

Particulars	Less than 1 year	1-5 year	More than 5 years	Total contractual cash flows	Carrying amount
Borrowings	207.80	112.29	-	320.09	320.09
Interest accrued but not due on borrowings	0.76	-	-	0.76	0.76
Trade Payables	190.77	-	-	190.77	190.77
Unclaimed dividends	0.18	-	-	0.18	0.18
Financial guarantee	0.37	0.29	-	0.66	0.66
Security Deposits - Others	0.92	-	-	0.92	0.92
Tooling advance received from customers	-	8.12	-	8.12	8.12
Employee benefit payable	6.18	-	-	6.18	6.18
Commission payable to Chairman	1.44	-	-	1.44	1.44
Payables on purchase of fixed assets	0.68	-	-	0.68	0.68
Others	0.13	-	-	0.13	0.13
<b>Total</b>	<b>409.24</b>	<b>120.70</b>	<b>-</b>	<b>529.94</b>	<b>529.94</b>

In addition, the Company is exposed to liquidity risk in relation to Corporate guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantee is invoked. These Corporate guarantees have been issued to banks under the financing facilities agreements entered into its subsidiaries companies. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided. (Refer note 38)

### 33 Segment reporting

The Company is engaged in the activities related to manufacture and supply of auto components for transportation industry. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment, namely components for transportation industry. The geographical segments considered for disclosure are - India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

#### 33.1 Product wise break up - Please refer note no. 23.1

#### 33.2 Geographical information

The Company's revenue from external customers by location of operations and information about its non current assets\*\* by location of operations are detailed below.

Particulars	Revenue from external customers		Non - current assets**	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
India	865.21	1,084.66	351.58	363.66
Rest of the world	235.31	285.59	-	-
<b>Total</b>	<b>1,100.52</b>	<b>1,370.25</b>	<b>351.58</b>	<b>363.66</b>

The geographical segments considered for disclosure are - India and Rest of the World. All the manufacturing facilities are located in India.

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

#### 33.3 Information about major customers

The company is a manufacturer of Steering and Suspension Linkage Products, Steering Gear Products, Hydraulic Products, Die casting products and other auto components for transportation industry.

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The Company has three major customers (greater than 10% of total sales) and Revenue from sale of auto components to these major customers aggregated to ₹ 410.31 crores (March 31, 2019, ₹ 481.40 crores).

**34 Related party disclosures**

Particulars	2019-20	2018-19
(a) List of related parties where control exists		
Holding Company	Rane Holdings Limited (RHL)	Rane Holdings Limited (RHL)
Subsidiary	Rane (Madras) International Holdings B.V (RMIH)	Rane (Madras) International Holdings B.V (RMIH)
	Rane Light Metal Castings Inc. (Formerly Known as Rane Precision Diecasting Inc.(RPDC))	Rane Precision Diecasting Inc. (RPDC)
Other related parties where transaction have taken place during the year		
(b) Key Management Personnel	L Ganesh, Chairman  Harish Lakshman, Vice chairman  S Parthasarathy - CEO under the Companies Act, 2013 (Upto December 31, 2019)  Gowri Kailasam - Manager & President ( W.e.f January 21, 2020)	L Ganesh, Chairman  Harish Lakshman, Vice chairman  S Parthasarathy - CEO under the Companies Act, 2013
(c) Relative of KMP	L Lakshman  Aditya Ganesh	L Lakshman  Aditya Ganesh
(d) Enterprises over which KMP or relatives of KMP can exercise significant influence	Rane Foundation	Rane Foundation
(e) Fellow Subsidiaries	Rane Engine Valve Limited (REVL)  Rane Holdings America Inc. (RHAI)  Rane Brake Lining Limited (RBL)  Rane Holdings Europe GmbH (RHEG)  Rane t4u Private Limited	Rane Engine Valve Limited (REVL)  Rane Holdings America Inc. (RHAI)  Rane Brake Lining Limited (RBL)  Rane Holdings Europe GmbH (RHEG)  Rane t4u Private Limited
(f) Joint ventures of the Holding company	Rane TRW Steering Systems Private Limited(RTSS)  Rane NSK Steering Systems Private Limited(RNSS)  JMA Rane Marketing Limited (JMA) (Upto November 14, 2018)	Rane TRW Steering Systems Private Limited(RTSS)  Rane NSK Steering Systems Private Limited(RNSS)

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Description	Holding Company	Subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises as defined in point (d) above	Related parties where transactions has taken place (Fellow Subsidiaries)	Joint ventures of the Holding company		Total	
							2019-20	2018-19	2019-20	2018-19
<b>Transaction during the year</b>										
Professional Charges	3.40	3.02	-	-	-	-	-	-	-	3.40
Software Expenses	4.12	3.79	-	-	-	-	-	-	-	3.79
Training Expenses	0.72	0.86	-	-	-	-	-	-	-	0.72
Miscellaneous Expenses	0.45	0.69	-	-	-	-	-	-	-	0.45
Preferential Issue of Equity shares	16.67	0.15	-	-	-	-	-	-	-	16.67
Subscription of Convertible warrants	8.33	-	-	-	-	-	-	-	-	8.33
Trademark Fee	5.08	6.45	-	-	-	-	-	-	-	5.08
Sales Promotion Expenses - RHAI	-	-	-	-	-	-	2.53	2.15	-	2.53
Sales Promotion Expenses - RHEG	-	-	-	-	-	-	0.71	0.72	-	0.71
Purchases RBL and REV/L	-	-	-	-	-	-	6.53	10.26	-	6.53
Reimbursement of Expenses from REV/L, RBL Purchases-RTSS	-	-	-	-	-	-	-	-	-	0.17
Purchases-RNSS	-	-	-	-	-	-	-	-	-	-
Sales-JMA	-	-	-	-	-	-	-	-	-	-
Sales-RTSS	-	-	-	-	-	-	-	-	-	-
Donation-Rane Foundation	-	-	-	-	-	-	0.87	0.88	-	0.87
Transfer of Machinery - Rane Foundation	-	-	-	-	-	-	0.04	-	-	0.05
Commission to Chairman	-	-	0.30	1.44	-	-	-	-	-	0.30
Loan/NCRPS to subsidiary- RMIH	-	104.33	36.49	-	-	-	-	-	-	104.33
Interest on loan - RMIH	-	2.22	1.05	-	-	-	-	-	-	2.22
FMV Financial Guarantee- RPDC	-	713.62	0.13	-	-	-	-	-	-	713.62
FMV Financial Guarantee- RMIH	-	36.19	0.31	-	-	-	-	-	-	36.20
SBLC- EXIM-RPDC	-	47.13	-	-	-	-	-	-	-	47.13
Salaries - Mr. S Parthasarathy	-	-	1.59	1.68	-	-	-	-	-	1.59
Salaries - Ms. Gowri Kalasam	-	-	0.26	-	-	-	-	-	-	0.26
Salaries - Mr. Aditya Ganesh	-	-	-	0.65	0.48	-	-	-	-	0.65
Sitting Fees	-	-	0.05	0.04	0.04	0.08	-	-	-	0.09

**Details of related party transactions and balances :**

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Description	Holding Company	Subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises as defined in point (d) above			Related parties where transactions has taken place (Fellow Subsidiaries)	Joint ventures of the Holding company	Total	
					2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	
<b>Balance as at year end 31, March</b>											
Payables	<b>1.76</b>	1.84	-	0.30	1.44	-	-	<b>0.41</b>	1.22	<b>2.32</b>	1.99
Receivables	-	<b>1.87</b>	1.87	-	-	-	-	<b>0.10</b>	0.05	<b>2.53</b>	4.78
Equity - RHL	<b>7.96</b>	-	-	-	-	-	-	-	-	-	<b>7.96</b>
Money received against share warrants - RHL	<b>8.33</b>	-	-	-	-	-	-	-	-	-	<b>8.33</b>
Equity - RMIH	-	<b>0.15</b>	0.15	-	-	-	-	-	-	-	<b>0.15</b>
Loan/NCRPS to subsidiary- RMIH	-	<b>149.03</b>	44.70	-	-	-	-	-	-	-	<b>149.03</b>
Interest on loan - RMIH	-	<b>4.59</b>	2.37	-	-	-	-	-	-	-	<b>4.59</b>
Financial Guarantee - RMIH	-	<b>23.23</b>	33.21	-	-	-	-	-	-	-	<b>23.23</b>
Financial Guarantee - RPDC	-	<b>48.36</b>	14.53	-	-	-	-	-	-	-	<b>48.36</b>
SBLC - EXIM - RPDC	-	<b>47.13</b>	-	-	-	-	-	-	-	-	<b>47.13</b>
 <b>Payables</b>											
Description	Holding Company	Subsidiary	Key Management Personnel (KMP)	Relatives of KMP	Enterprises as defined in point (d) above			Related parties where transactions has taken place (Fellow Subsidiaries)	Joint ventures of the Holding company	Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	
RHL	<b>1.76</b>	1.84	-	-	-	-	-	-	-	-	<b>1.76</b>
Mr L Ganesh	-	-	<b>0.30</b>	1.44	-	-	-	-	-	-	<b>0.30</b>
REVL	-	-	-	-	-	-	-	<b>0.55</b>	-	-	<b>0.55</b>
RBL	-	-	-	-	-	-	-	<b>0.35</b>	0.58	-	<b>0.34</b>
RHAI	-	-	-	-	-	-	-	<b>0.07</b>	0.08	-	<b>0.07</b>
RTSS	-	-	-	-	-	-	-	-	<b>0.16</b>	0.14	<b>0.15</b>
RNSS	-	-	-	-	-	-	-	-	<b>2.16</b>	1.85	<b>2.16</b>
 <b>Receivables</b>											
REVL	-	-	-	-	-	-	-	<b>0.07</b>	-	-	<b>0.07</b>
RHEG	-	-	-	-	-	-	-	<b>0.03</b>	0.05	-	<b>0.03</b>
RTSS	-	-	-	-	-	-	-	-	<b>2.53</b>	4.78	<b>2.53</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### Remuneration to Key Management personnel

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short term benefits paid	1.88	3.00
Other Long term benefits paid	0.10	0.12
Termination Benefits	0.17	-
<b>Total</b>	<b>2.15</b>	<b>3.12</b>

### 35 Employee benefit plans

#### A. Defined contribution plans

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

The major defined contribution plans operated by the Company are as below:

##### (a) Provident fund

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

The contributions, as specified under the law, are made to the Government.

##### (b) Superannuation fund

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

The Company contributes up to 15% of the eligible employees' salary to LIC every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The total expense recognised in profit or loss of ₹ 6.58 Crores (for the year ended March 31, 2019: ₹ 7.26 Crores) represents contributions payable to these plans by the company at rates specified in the rules of the plans. As at March 31, 2020, contributions of ₹ 1.19 Crores (as at March 31, 2019: ₹ 1.07 Crores) due in respect to 2019-20 (2018-19) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

#### B. Defined benefit plans

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

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

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**C. Details of defined benefit obligation and plan assets:****(a) Leave obligations**

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

The amount of provision of ₹ 7.33 Crores (March 31, 2019 - ₹ 7.54 Crores). However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

Principal Actuarial Assumptions at Balance Sheet date	2019-20	2018-19
Discount rate	6.60%	7.60%
Expected rate of salary increase		
- Executives and Staff	7.60%	8.00%
- Operators	5.75%	6.00%
Attrition rate		
- Executives and Staff	8.00%	8.00%
- Operators	3.00%	3.00%

**(b) Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity funds established as trusts; funded to LIC. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

**(i) Movements in the present value of the defined benefit obligation are as follows.**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening defined benefit obligation	18.72	16.95
Current Service Cost	1.49	1.33
Interest cost	1.36	1.26
Remeasurement (gains) / losses :		
Actuarial gains and losses arising from changes in demographic assumptions	2.02	0.54
Actuarial gains and losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Past service cost, including losses / (gains) on curtailments		
Benefits paid	(1.91)	(1.36)
<b>Closing defined benefit obligation</b>	<b>21.68</b>	<b>18.72</b>

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening fair value of plan assets	11.39	10.41
Interest income	0.85	0.82
Remeasurement gain (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(0.47)	(0.29)
Contributions from the Employer	1.61	1.81
Benefits paid	(1.91)	(1.36)
<b>Closing fair value of plan assets</b>	<b>11.47</b>	<b>11.39</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of funded defined benefit obligation	21.68	18.72
Fair value of plan assets	11.47	11.39
<b>Funded status</b>	<b>10.21</b>	<b>7.33</b>
Restrictions on asset recognised	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>10.21</b>	<b>7.33</b>

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Service Cost :</b>		
Current Service cost	1.49	1.33
Past service cost and (gain) / loss from settlements	-	-
Net interest Expense	0.50	0.43
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>1.99</b>	<b>1.76</b>
<b>Remeasurement on the net defined benefit liability :</b>		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial (gains) / losses arising from changes in demographic assumptions	2.02	0.54
Actuarial (gains) / losses arising from changes in financial assumptions	0.47	0.27
Actuarial (gains) / losses arising from experience adjustments	-	-
Components of defined benefit costs recognised in other comprehensive income	2.49	0.81
<b>Total</b>	<b>4.48</b>	<b>2.57</b>

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

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

- (v) Risk Exposure

The Company has invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

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

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

Particulars	Valuation as at	
	March 31, 2020	March 31, 2019
Discount Rate(s)	6.60%	7.60%
Expected Rate(s) of salary increase		
Executives and Staff	7.60%	8.00%
Operators	5.75%	6.00%
Expected rate of return on plan assets	6.60%	7.60%
Attrition Rate		
Executives and Staff	8.00%	8.00%
Operators	3.00%	3.00%

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

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

Sensitivity Analysis	Valuation as at	
	March 31, 2020	March 31, 2019
A. Discount Rate + 50 BP	7.10%	8.10%
Defined Benefit Obligation [PVO]	20.88	18.08
Current Service Cost	1.67	1.43
B. Discount Rate - 50 BP	6.1%	7.1%
Defined Benefit Obligation [PVO]	22.51	19.41
Current Service Cost	1.84	1.56
C. Salary Escalation Rate +50 BP	8.1% & 6.25%	8.5% & 6.5%
Defined Benefit Obligation [PVO]	22.54	19.43
Current Service Cost	1.84	1.56
D. Salary Escalation Rate -50 BP	7.1% & 5.25%	7.5% & 5.5%
Defined Benefit Obligation [PVO]	20.85	18.05
Current Service Cost	1.67	1.42

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 8.2 years (2019-7.7 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2020	March 31, 2019
Year 1	2.79	2.84
Year 2	1.70	2.09
Year 3	2.12	1.47
Year 4	1.86	1.85
Year 5	1.61	1.64
Next 5 Years	11.0	9.15

**36 Earnings per share:**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Basic Earnings per share		
From continuing operations (in ₹)	(20.37)	40.38
Diluted Earnings per share		
From continuing operations (in ₹)	(19.59)	40.38
Basic Earnings per share		

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) for the year	(24.43)	47.24
Earnings used in the calculation of basic earnings per share	(24.43)	47.24

In Nos.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Number of equity Shares of ₹ 10 each outstanding at the end of the year	1,25,53,891	1,19,73,171
(b) Weighted Average number of Equity Shares for the purpose of basic earnings per share	1,19,92,211	1,16,98,949

### Diluted Earnings per share

The earnings used in the calculation of diluted earnings per share is as follows.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Earnings used in the calculation of basic earnings per share	(24.43)	47.24
Interest on convertible notes (after tax at 30%)	-	-
Earnings used in the calculation of diluted earnings per share	(24.43)	47.24

₹ in Crores

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of equity shares used in the calculation of basic earnings per share	1,19,92,211	1,16,98,949
Convertible warrants	11,61,440	-
Weighted average number of equity shares used in the calculation of diluted earnings per share	1,24,72,971	1,16,98,949

In Nos.

## 37 Leases

### A. Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	As at March 31, 2020
Current lease liabilities	0.80
Non-current lease liabilities	3.12
Total	3.92

**Notes forming part of the Standalone financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**B. Movement in Lease liabilities :**

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	As at March 31, 2020
<b>Balance as on April 1, 2019</b>	-
Reclassified on account of adoption of IND AS 116	-
Additions	4.55
Finance costs accrued during the period	0.38
Deletions	-
Payment of Lease liabilities	(1.01)
<b>Balance as on March 31, 2020</b>	<b>3.92</b>

**C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:**

Particulars	As at March 31, 2020
Less than one year	0.85
One to five years	1.66
More than five years	5.49
<b>Total</b>	<b>8.00</b>

**D. The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.**

Particulars	Amount
Decrease in Property, Plant and equipment by	-
Increase in lease liability by	4.55
Increase in rights of use by	4.55
Increase/(Decrease) in Deferred tax assets by	-
Increase/(Decrease) in finance cost by	0.38
Increase/(Decrease) in depreciation by	0.87

**E. Amounts recognized in profit or loss**

Particulars	Year ended March 31, 2020
Interest on lease liabilities	0.38
Variable lease payments not included in the lease payment liabilities	-
Income from sub-leasing right of use assets	-
Expenses relating to short- term leases	0.58
Expenses relating to leases of low- value assets,excluding short term leases of low value assets.	-

**F. Amounts recognized/disclosed in Cash flow statement**

Particulars	Year ended March 31, 2020
Total cash outflows for leases	1.01

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 38 Contingent liabilities, guarantees and commitment

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt		
- Income Tax matters under appeal by the Company	15.74	18.34
- Central Excise, Service Tax and Sales tax matters under appeal by the company	10.46	10.34
- Labour related matters under appeal by the Company	3.47	2.36
- Others- Customer claim disputed by the Company	120.66	110.69
<b>Others</b>		
-Income Tax matters under appeal by the Department	0.31	0.31
Future cash flows in respect of the above matters are determinable only on receipts of judgments/decisions pending at various authorities		
<b>Guarantees and Letter of credit</b>		
-Outstanding bank guarantees	4.40	2.38
-Financial Guarantee (Refer Note 7.1)	71.59	47.73
- Letter of credit	0.46	4.59
- Standby Letter of credit	47.13	-
<b>Commitments</b>		
- Estimated amount of contracts remaining to be executed on capital account and not provided for	3.70	15.18
<b>Total</b>	<b>277.92</b>	<b>211.92</b>

### 39 Events after the reporting date

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of investments, loans, intangible assets, trade receivables, inventories, and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statement may differ from that estimated as at the date of approval of these financial statements dependent on circumstances that evolve in the future.

### 40 Research and development cost

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	3.34	2.91
Revenue expenditure:		
i) Materials	0.55	0.35
ii) Employee benefits	6.14	4.03
iii) Professional fees	0.44	0.16
iv) Consumables	0.53	0.64
v) Travel expenses	0.78	0.57
vi) Others	1.24	1.24
<b>Total</b>	<b>13.02</b>	<b>9.90</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 41 Disclosure as per Regulation 34(3) read with Schedule V of SEBI (Listing obligations and disclosure requirements) Regulation, 2015

#### Loans and advances in the nature of loan

Name of the Party	Amount outstanding as at March 31, 2020	Maximum balance outstanding during the year
<b>Subsidiaries</b>		
Rane (Madras) International Holdings B.V (RMIH)		
Loan	149.03	149.03
	(44.70)	(44.70)
Interest	4.59	4.59
	(2.37)	(2.37)

Note: Figures in bracket relate to the previous year.

### 42 Details on derivative instruments

I. The following derivative positions are open as at March 31, 2020

(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.

Outstanding forward exchange contracts and option contracts entered into by the Company as on March 31, 2020

Currency	Buy/Sell	Amount Rs in Crores	Cross Currency
USD	Sell	85.77	Rupees
Euro	Sell	26.18	Rupees
		(-)	Rupees

Note: Figures in brackets relate to the previous year

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 43 Particulars of loans given, investment made, guarantees given, security provided together with purpose in terms of section 186 (4) of the Companies Act, 2013

Name of entity	Amount	Particulars	Purpose
<b>Loans/ NCRPS Given</b>			
Rane (Madras)	153.62	Loan/NCRPS to WOS	For Equity investment of RMIH to RPDC,
International Holdings B.V.		(Including Interest accrued	Payment of EXIM Bank loan interest,
(Wholly Owned Subsidiary-		on Loan)	meeting local establishment expenses
WOS)			
<b>Investment Made</b>			
Rane (Madras)	0.15	Investment in WOS	Equity Investment
International Holdings B.V.			
(WOS)			
<b>Guarantees Given</b>			
Rane (Madras)	23.23	Corporate Guarantee on	Given to EXIM Bank towards the banks
International Holdings B.V.		behalf of WOS	Financing arrangement to WOS
(WOS)			
Rane Light Metal Castings	48.36	Corporate Guarantee on	Given to EXIM Bank towards the banks
Inc. (Formerly Known as		behalf of SDS	Financing arrangement to SDS
Rane Precision Diecasting			
Inc.(RPDC)) (Step Down			
subsidiary-SDS)			
<b>SBLC availed</b>			
Rane Light Metal Castings	47.13	SBLC on behalf of SDS	Availed from EXIM Bank towards facilitating
Inc. (Formerly Known as			obtention of term loan to SDS
Rane Precision Diecasting			
Inc.(RPDC)) (Step Down			
subsidiary-SDS)			

### 44 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on June 18, 2020.

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ananthi Amarnath**  
Partner

Chennai  
June 18, 2020

**For and on behalf of the Board**

**Ganesh Lakshminarayana**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

Chennai  
June 18, 2020

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**Subha Shree Sridharan**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

## To The Members of Rane (Madras) Limited Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Rane (Madras) Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the

Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Emphasis of Matter

We draw attention to Note 39 to the Consolidated Financial Statements which fully describes the management's assessment of impairment of net assets of the subsidiary / step down subsidiary, which has taken into consideration the adverse business impact and uncertainties arising from COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Sr. No	Key Audit Matter	Auditor Response
1.	<b>Impairment of Net Assets of Subsidiary/Step Down Subsidiary</b> <p>Due to the significant losses incurred by the step down subsidiary, the management has carried out an impairment assessment of the net assets amounting to ₹ 20.95 crores and have recognized an impairment loss of ₹ 1.96 crores against the goodwill.</p> <p>Impairment of the assets of the subsidiary/step down subsidiary has been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>a. The significance of the carrying value of the Assets being assessed; and</li> <li>b. The assessment of the carrying value of the Assets involves assumptions and exercising significant judgements in estimating the recoverable value of the step down subsidiary, including taking into account the possible effect of the pandemic relating to COVID-19. Any adverse changes to these assumptions could result in lower recoverable value than the carrying amount.</li> </ul>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which inter-alia includes the completeness and accuracy of the input data considered, reasonableness of the assumptions considered in determining the present value of future cash flows.</li> <li>b. Obtained the business projections of the step down subsidiary (prepared by the Management) and performed the following procedures:           <ul style="list-style-type: none"> <li>i. Conducted inquiries with the Parent/ Subsidiary personnel to identify if factors that, in our professional judgement, should be taken into account in the analysis were considered.</li> <li>ii. Compared the actual revenues and cash flows generated by the step down subsidiary during the year with the plan and estimates considered in the previous year</li> <li>iii. Verified if the cash flow projections of the step down subsidiary considered for the assessment of impairment were as per cash flow projections reviewed and approved by the Board of Directors of the Parent.</li> <li>iv. Evaluated the Management's future cash flow projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, sensitivity analysis of the key assumptions etc. duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Parent's estimates in the prior periods.</li> <li>v. Involved internal fair valuation specialists to review key assumptions considered in the future cash projections such as discount rate and model.</li> <li>vi. Inquired the auditors of the step down subsidiary with respect to the appropriateness of the cash flow projections considered and impact of COVID-19 pandemic thereon.</li> </ul> </li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Director's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information

and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of

our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

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

#### **Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### **Other Matters**

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 172.65 crores as at March 31, 2020, total revenues of Rs.176.55 crores and net cash outflows amounting to ₹ 1.35 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as

it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor and the financial statements certified by the Management.

Our opinion on the consolidated financial statements is not modified in respect of the above matters on the comparative financial information.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary referred to in the Other Matters section above we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2020 taken on record by the Board of Directors of the Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company incorporated in India.

Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Parent only, since the subsidiaries are incorporated outside India.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

- ii) the Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

For **Deloitte Haskins & Sells**

Chartered Accountants  
(Firm's Registration No. 008072S)

**Ananthi Amarnath**  
Partner

(Membership No. 209252)  
(UDIN: 20209252AAAAFO3587)

Place: Chennai  
Date: June 18, 2020

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Rane (Madras) Limited (hereinafter referred to as "Parent"), as of that date.

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

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

#### Auditor's Responsibility

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

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

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

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

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

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

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

#### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells**

Chartered Accountants

(Firm's Registration No. 008072S)

**Ananthi Amarnath**

Partner

Place: Chennai

(Membership No. 209252)

Date: June 18, 2020

(UDIN: 20209252AAAFO3587)

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

S. No	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>A.</b>	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
(a)	Property, plant and equipment	2	371.39	378.59
(b)	Capital Work in Progress	2	49.83	15.62
(c)	Goodwill	3	4.06	6.03
(d)	Right of use assets	4	4.54	-
(e)	Other intangible assets	5	0.59	1.39
(f)	Financial assets			
(i)	Investments	6	0.60	0.60
(ii)	Other financial assets	7	49.46	37.30
(g)	Income Tax assets (Net)	8	14.46	9.95
(h)	Other non current assets	9	34.33	14.51
	<b>Total non-current assets</b>		<b>529.26</b>	<b>463.99</b>
	<b>Current Assets</b>			
(a)	Inventories	10	156.84	171.79
(b)	Financial Assets			
(i)	Trade Receivables	11	190.80	245.87
(ii)	Cash and Cash Equivalents	12	18.35	17.81
(iii)	Bank balances other than (ii) above	13	0.18	0.18
(iv)	Loans receivable	14	0.33	0.25
(v)	Other Financial assets	7	1.89	5.22
(c)	Other Current Assets	9	24.17	32.19
	<b>Total current assets</b>		<b>392.56</b>	<b>473.31</b>
	<b>TOTAL ASSETS</b>		<b>921.82</b>	<b>937.30</b>
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
(a)	Equity Share Capital	15	12.55	11.97
(b)	Other Equity	16	171.32	218.23
	<b>Total equity</b>		<b>183.87</b>	<b>230.20</b>
	<b>Liabilities</b>			
	<b>Non-Current Liabilities</b>			
(a)	Financial Liabilities			
(i)	Borrowings	17A	199.91	141.32
(ii)	Other financial Liabilities	18	5.76	8.18
(b)	Provisions	19	6.09	6.21
(c)	Deferred tax liability	21	1.69	6.77
(d)	Other non-current liabilities	20	23.72	19.38
	<b>Total non-current liabilities</b>		<b>237.17</b>	<b>181.86</b>
	<b>Current Liabilities</b>			
(a)	Financial Liabilities			
(i)	Borrowings	17B	196.66	223.03
(ii)	Trade Payables	22	-	-
(a)	Total outstanding dues of Micro enterprises and Small enterprises		9.03	11.54
(b)	Total outstanding dues of creditors other than Micro enterprises and Small enterprises		180.41	204.37
(iii)	Other financial Liabilities	18	92.69	65.54
(b)	Provisions	19	6.66	8.31
(c)	Other Current Liabilities	20	15.33	12.45
	<b>Total current liabilities</b>		<b>500.78</b>	<b>525.24</b>
	<b>Total Liabilities</b>		<b>737.95</b>	<b>707.10</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>921.82</b>	<b>937.30</b>

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board

**Ganesh Lakshminarayanan**  
Chairman  
DIN:00012583**Harish Lakshman**  
Vice Chairman  
DIN:00012602**Gowri Kailasam**  
Manager**Ananthi Amarnath**  
PartnerChennai  
June 18, 2020**B Gnanasambandam**  
Chief Financial OfficerChennai  
June 18, 2020**Subha Shree Sridharan**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

S.No	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I	Revenues from Operations	23	1,277.08	1,554.62
II	Other Income	24	14.44	9.95
III	Total Income (I+II)		1,291.52	1,564.57
IV	Expenses:			
	Cost of materials consumed	25	744.23	930.50
	Changes in Inventories of finished goods, work-in-progress and stock in trade	26	11.29	0.44
	Employee benefits expense	27	233.88	230.23
	Finance costs	28	37.28	34.29
	Depreciation and amortisation expense	29	65.63	65.95
	Other expenses	30	241.78	277.53
	Total Expenses (IV)		1,334.09	1,538.94
V	Profit/(Loss) before tax (before exceptional items) (III-IV)		(42.57)	25.63
VI	Exceptional items	3	1.96	-
VII	Profit/(Loss) before tax (After Exceptional items) (V-VI)		(44.53)	25.63
VIII	Tax Expense:			
(1)	Current Tax	31	3.69	25.32
(2)	Deferred Tax	31	(2.71)	(2.11)
			0.98	23.21
IX	Profit/(Loss) for the year (VII - VIII)		(45.51)	2.42
	Other Comprehensive Income/(Loss)			
A. i)	Items that will not be reclassified to statement of profit and loss			
	a) Remeasurements of the defined benefit plans		(8.17)	(2.93)
			(8.17)	(2.93)
	ii) Income tax relating to items that will not be reclassified to statement of profit and loss		0.87	0.29
B. i)	Items that may be reclassified to statement of profit and loss			
	a) Exchange Differences on translation of foreign operations		(9.23)	2.56
	b) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(4.29)	(0.79)
			(13.52)	1.77
	ii) Income tax relating to items that will be reclassified to statement of profit and loss		1.50	0.18
X	Total other comprehensive income/(Loss) (A(i-ii)+B(i-ii))		(19.32)	(0.69)
XI	Total Comprehensive Income/(Loss) for the year (IX+X)		(64.83)	1.73
XII	Earnings Per Equity Share (Nominal value per share Rs.10)			
(a)	Basic (In ₹)	36	(37.95)	2.07
(b)	Diluted (In ₹)	36	(36.49)	2.07

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ananthi Amarnath**  
Partner

Chennai  
June 18, 2020

**Ganesh Lakshminarayanan**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

Chennai  
June 18, 2020

For and on behalf of the Board

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**Subha Shree Sridharan**  
Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**A. Equity Share Capital**

Particulars	Amount
As at April 1, 2018	11.61
Changes in Equity Share Capital	0.36
As at March 31, 2019	11.97
Changes in Equity Share Capital	0.58
As at March 31, 2020	12.55

**B. Other Equity**

Particulars	Reserves and Surplus						Other Reserves				Total Equity
	General Reserve	Securities Premium	Capital Redemption Reserve	Amalgamation adjustment Account	Retained Earnings	Money Received against Share Warrant	Total	Foreign Currency Translation Reserve	Hedge Reserve	Total	
Balance as at April 1, 2018	127.70	62.47	12.73	(0.20)	12.42	5.00	220.12	(2.61)	0.61	(2.00)	218.12
Profit/(Loss) for the year	-	-	-	-	2.42	-	2.42	-	-	-	2.42
Other comprehensive income/(Loss) for the year	-	-	-	-	(2.93)	-	(2.93)	2.56	(0.79)	1.77	(1.16)
Income tax on OCI Items	-	-	-	-	0.29	-	0.29	-	0.18	0.18	0.47
Total Comprehensive income for the year	127.70	62.47	12.73	(0.20)	12.20	5.00	219.90	(0.05)	-	(0.04)	219.85
Money received against share warrants	-	-	-	-	-	(5.00)	(5.00)	-	-	-	(5.00)
Premium on preferential issue of equity shares	-	19.64	-	-	-	-	19.64	-	-	-	19.64
Payment of Dividend	-	-	-	-	(13.49)	-	(13.49)	-	-	-	(13.49)
Tax on Dividend	-	-	-	-	(2.77)	-	(2.77)	-	-	-	(2.77)
Transfer from retained earnings	32.36	-	-	-	(32.36)	-	-	-	-	-	-
Balance as at March 31, 2019	160.06	82.11	12.73	(0.20)	(36.42)	-	218.28	(0.05)	-	(0.04)	218.23
Profit/(Loss) for the year	-	-	-	-	(45.51)	-	(45.51)	-	-	-	(45.51)
Other comprehensive income/(Loss) for the year	-	-	-	-	(8.17)	-	(8.17)	(9.23)	(4.29)	(13.52)	(21.69)
Income tax on OCI Items	-	-	-	-	0.87	-	0.87	-	1.50	1.50	2.37
Total Comprehensive income for the year	160.06	82.11	12.73	(0.20)	(89.23)	-	165.47	(9.28)	(2.79)	(12.06)	153.40
Money Received on Share Warrants	-	-	-	-	-	8.33	8.33	-	-	-	8.33
Premium on preferential issue of equity shares	-	16.09	-	-	-	-	16.09	-	-	-	16.09
Payment of Dividend	-	-	-	-	(5.39)	-	(5.39)	-	-	-	(5.39)
Tax on Dividend	-	-	-	-	(1.11)	-	(1.11)	-	-	-	(1.11)
Transfer from retained earnings	25.83	-	-	-	(25.83)	-	-	-	-	-	-
Balance as at March 31, 2020	185.89	98.20	12.73	(0.20)	(121.56)	8.33	183.39	(9.28)	(2.79)	(12.06)	171.32

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants**Ananthi Amarnath**  
PartnerChennai  
June 18, 2020**For and on behalf of the Board****Ganesh Lakshminarayanan**  
Chairman  
DIN:00012583**B Gnanasambandam**  
Chief Financial OfficerChennai  
June 18, 2020**Harish Lakshman**  
Vice Chairman  
DIN:00012602**Gowri Kailasam**  
Manager**Subha Shree Sridharan**  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) for the year	(45.51)	2.42
Adjustments for :		
Income Tax expense recognised in profit and loss	0.98	23.21
Finance costs recognised in profit and loss	37.28	34.29
Interest Income recognised in profit and loss	(0.44)	(0.45)
Net Loss/(Gain )on disposal of property, plant and equipment	(0.06)	(0.06)
Government grant income	(1.54)	(1.91)
Unrealised Exchange (Gain)/Loss	(1.51)	0.09
Provision for Doubtful Trade receivables and advances (Net of Write back)	(2.82)	1.29
Depreciation and Amortisation of non-current assets	65.63	65.95
Impairment of goodwill	1.96	-
Foreign Currency translation (Gain) / Loss	(9.23)	2.56
Translation Gain on Property, Plant and Equipment	(4.21)	(4.67)
	40.53	122.72
Movements in working capital :		
(Increase) / decrease in trade and other receivables	59.61	(2.92)
(Increase) / decrease in inventories	14.96	(19.25)
(Increase) / decrease in other Non Current assets	(5.91)	(0.76)
(Increase) / decrease in other Non Current Financial assets	(12.16)	(5.35)
(Increase) / decrease in other Current Financial assets	3.43	6.35
(Increase) / decrease in other Current assets	8.01	5.88
(Increase) / decrease in Loans receivable	(0.08)	(0.04)
Increase / (decrease) in trade payables	(26.49)	(39.97)
Increase / (decrease) in Long term provisions	(0.12)	0.75
Increase / (decrease) in Short term provisions	(1.66)	2.39
Increase / (decrease) in other Non Current Financial liabilities	(5.97)	(2.51)
Increase / (decrease) in other Current Financial liabilities	2.61	(2.21)
Increase / (decrease) in other Non Current liabilities	5.84	2.47
Increase / (decrease) in other Current liabilities	(5.24)	(2.12)
Cash generated from operations	77.36	65.43
Income Tax paid	(8.20)	(20.76)
<b>Net cash generated by operating activities</b>	<b>69.16</b>	<b>44.67</b>
<b>B. Cash flow from investing activities</b>		
Interest received	0.34	0.47
Non current Investments	-	(0.60)
Payments for property, plant and equipment	(104.47)	(61.33)
Proceeds from disposal of property, plant and equipment	1.60	1.64
Bank Balances not considered as cash and cash equivalents	0.01	(0.02)
<b>Net cash (used in) / generated by investing activities</b>	<b>(102.52)</b>	<b>(59.84)</b>

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	0.58	0.36
Proceeds from Share premium on equity shares	16.09	19.64
Money Received against Share warrant	8.33	(5.00)
Proceeds from long term borrowings	150.65	38.58
Repayment of long term borrowings	(70.94)	(14.75)
Proceeds from short term borrowings	-	36.81
Repayment of short term borrowings	(26.68)	-
Dividend paid	(5.39)	(13.49)
Tax on dividend	(1.11)	(2.77)
Interest paid	(37.76)	(33.41)
<b>Net cash (used in)/ generated by financing activities</b>	<b>33.77</b>	<b>25.96</b>
<b>Net increase in cash and cash equivalents</b>	<b>0.41</b>	<b>10.79</b>
Cash and cash equivalents at the beginning of the year (Refer note 12)	17.89	7.10
<b>Cash and Cash equivalents at the end of the year (Refer note 12)</b>	<b>18.30</b>	<b>17.89</b>

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ananthi Amarnath**  
Partner

Chennai  
June 18, 2020

**Ganesh Lakshminarayyan**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

Chennai  
June 18, 2020

For and on behalf of the Board

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**Subha Shree Sridharan**  
Company Secretary

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

## 1 Summary of significant accounting policies, critical judgements and Key estimates

### General Information

Rane (Madras) Limited (The "Company") is a public limited Company incorporated in India with its registered office in Chennai, Tamilnadu, India. The Company is listed on the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

The Company is engaged in manufacture of Steering and Suspension Linkage Products, Steering Gear Products and High Precision Aluminium Die Casting Products. The Company is a significant supplier to major manufacturers of passenger cars, utility vehicles and Farm tractors across the Globe and as such operates in a single reportable business segment of 'components for transportation industry'. The Company including its subsidiaries is having seven manufacturing facilities, six in India at Tamilnadu, Puducherry, Karnataka, Uttarakhand and Telangana and one in USA at Kentucky.

The Company acquired Precision Die Casting Inc.(PDC) in USA in February 2016 and renamed it as Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc. (RPDC)) which is engaged in the business of manufacturing high pressure aluminium die casting for automotive applications like steering and compressor related die casting components. This investment is held by Rane (Madras) International Holdings, B.V, Netherlands, a Wholly Owned Subsidiary of the Company ('RMIH' / 'WOS') formed to hold strategic overseas investments of the Company.

### Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements are for the Group consisting of Rane (Madras) Limited and its subsidiaries ("the Group").

#### 1.1 Statement of Compliance

The Financial Statements have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Except for the changes below, the Group has consistently applied accounting policies to all periods

(i) Effective April 1, 2019, the group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of Rs. 588.78 Lakhs and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020.

(ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

(iii) On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

- (iv) On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### 1.11 Basis of preparation and presentation

The financial statements have been prepared on accrual basis under the historical cost convention (except for certain financial instruments that are measured at fair value at the end of each reporting period), as explained below.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1. The Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

#### Basis of consolidation

##### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

(All amounts are in Crores in INR unless otherwise stated)

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The principal accounting policies are set out below:

### 1.12 Property, plant and equipment

Property, plant and equipment are capitalised at costs relating to the acquisition and installation (net of GST credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalised.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. For qualifying assets, borrowing costs are capitalised in accordance with Ind AS 23 - Borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Machinery spares which can be used only in connection with an item of Property, Plant and Equipment 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 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.

#### Depreciation

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values on pro rata basis on the basis of the estimated life specified in Schedule

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

II of the Companies Act, 2013, using the straight-line method except in respect of the following categories of assets, in which case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

Category of assets	Useful Life (in years)
Machinery and Equipment	3-10 Years
Moulds	3-4 Years
Vehicles	4-5 Years
Furniture & Fixtures	5 Years
Office Equipments (other than computers)	3 Years
Computers, Server and networks	3-5 Years
Capital Tooling	3-5 Years
Maintenance Tools	1 Year
Cost of Dies	Per production units method

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

### 1.13 Intangible assets

#### Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities taken over at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or Groups of cash-generating units that are expected

(All amounts are in Crores in INR unless otherwise stated)

to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.

#### Other Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss when the asset is derecognised.

#### Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Category of assets	Useful Life (in years)
Software License	3 years
License Fees	Over the period of License

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

### 1.14 Impairment of tangible and intangible assets including goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill and Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

### 1.15 Borrowings and Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which

(All amounts are in Crores in INR unless otherwise stated)

are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Discount on Commercial Paper (the difference between the issue price and the redemption value) is amortised over the period of borrowings and recognised as discounting expense.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

### 1.16 Leasing

The Group's lease asset classes primarily consist of leases for land, buildings and vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### Transition

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of ₹ 5.89 Crores and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020.

### Under Ind AS 17

In the comparative period, Leases are classified as finance leases whenever the terms of the lease transfer

(All amounts are in Crores in INR unless otherwise stated)

substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 1.17 Inventories

Inventories are valued at the lower of cost on moving weighted average basis and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 1.18 Cash and cash equivalents

For the purpose of presentation in the statement of cash Flows, cash and cash equivalents include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.19 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 Group are segregated based on the available information.

### 1.20 Foreign currency transactions and translations

#### (i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Group's functional and presentation currency.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### (ii) Transactions and balances

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit and loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit and loss on realisations/ repayment of the monetary items.

### (iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows :

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange Rates (unless this is not a reasonable approximation of the cumulative effect of the Rates prevailing on the transaction dates, in which case incomes and expenses are translated at the dates of the transactions), and
- all resulting foreign exchange differences are recognised in other comprehensive income.

The results and financial position of foreign operation which have a functional currency similar to the Group are translated using the same principle enumerated in Note (1.19)(ii) above.

### 1.21 Revenue Recognition

The Group derives revenues primarily from sale of Steering and Suspension Linkage Products, Steering Gear Products, Hydraulic products, Die casting products & other auto components. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

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

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

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

### 1.22 Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 1.23 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Such grants are valued at fair value at the initial recognition.

Government grants are recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit and loss in the period in which they become receivable.

### 1.24 Employee benefits

#### 1. Short - Term employee benefits

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

#### 2. Defined Contribution Plans

##### Provident Fund

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

##### Superannuation Fund

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

**In respect of Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020)**

##### 401k plan

Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) has a 401k plan set up for its employees. The contributions payable to these plans are at rates specified in the rules of the schemes.

#### 3. Defined Benefit Plan

##### Gratuity

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

**In respect of Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020)**

##### Pension plan

A participant is eligible for his normal retirement pension after the participant has attained age of 62 and terminates employment. A participant shall receive a monthly benefit payable at normal retirement age equal to:

- \$23:00 multiplied by years of benefit service from December 2003 to October 10, 2005; plus
- \$24:00 multiplied by years of benefit service from October 2005 to October 9, 2006; plus
- \$25:00 multiplied by years of benefit service from October 9, 2006, to October 8, 2007; plus
- \$26:00 multiplied by years of benefit service from October 5, 2007 to December 16, 2010; plus
- \$16:00 multiplied by benefit service after December 16, 2010.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

The liability with regards to the Plan are determined by the actuarial valuation, performed by an independent actuary, at each balance sheet date using projected unit credit method. Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) contributes all ascertained liabilities to the registered investment companies which are held under a separate trust through custodian, Charles Schwab, as permitted by the Department of Labor. Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) recognizes the net obligation of the Plan in the balance sheet as an asset or liability, respectively, in accordance with IND AS 19, "Employee benefits". Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) overall long term rate of return on assets has been determined based on the available market information and the historical and expected future investment trends of present and expected assets in the Plan. The discount rate is based on the Government securities yield or equivalent corporate bond. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognized in the statement of other comprehensive income in the period in which they arise.

### 4. Other Long term employee benefits

#### Compensated Absence

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

### 1.25 Expenditure on Corporate Social Responsibility (CSR):

The Group accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

### 1.26 Research and Development expenses

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

Items of property, plant and equipment and acquired Intangible assets utilised for Research and Development

are capitalized and depreciated in accordance with the policies stated for property, plant and equipment and intangible assets.

### 1.27 Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or (ii) Present obligations arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Provisions for Warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto two years. As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group accounts for the post contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

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### 1.28 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit under the Income Tax Act for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases

(All amounts are in Crores in INR unless otherwise stated)

of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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

### 1.29 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

#### Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

#### Subsequent Measurement

##### 1.29.1 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost

## Notes forming part of the Consolidated financial statements

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(All amounts are in Crores in INR unless otherwise stated)

or fair value, depending on the classification of the financial assets.

### (i) Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss), and
- b) those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### (a) Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on these assets that is subsequently measured at amortised cost is recognised in profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### (b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in other income/ (expense).

#### (c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through profit or loss is recognised in the statement of profit and loss.

### (ii) Impairment of financial assets

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

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (iii) Derecognition of financial assets

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset. Where the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset.

## 1.29.2 Financial liabilities and equity instruments

### (i) Classification as equity or financial liability

Equity and Debt instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### (a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognised at the proceeds received, net of direct issue costs.

#### (b) Financial liabilities at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest

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method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

### (c) Financial liabilities at FVTPL

Liabilities that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through profit or loss is recognised in the statement of profit and loss.

### (ii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

### 1.29.3 Financial and Corporate guarantee contracts

A financial and Corporate guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial and Corporate guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

### 1.30 Derivative financial instruments

The Group is exposed to foreign currency risk arising out of Foreign currency revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans. The Group has a detailed foreign currency risk mitigation policy in place, including the use of derivatives like the forward currency contracts/ options contracts to hedge forecasted cash flows denominated in Foreign currency. The objective of the same is to mitigate the impact of foreign currency exchange fluctuations caused by transacting in foreign currency in case of future cash flows or highly probable

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forecast transactions. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### 1.31 Hedge Accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss, and is included in the 'Other income'. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit and loss in the periods when the hedged item affects profit and loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast

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transaction is ultimately recognised in profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit and loss.

### 1.32 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2-Inventories or value in use in Ind AS 36-Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

Level 3 inputs are unobservable inputs for the asset or liability.

### 1.33 Earnings Per Share

Basic earnings per share is computed by dividing the net profit/(loss) after tax (including the post tax effect of exceptional items, if any) for the period attributable to equity shareholders 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 exceptional items, if any) for the period attributable to equity shareholders 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.

### 1.34 Dividend

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

### 1.35 Segment reporting

The Group is engaged in the activities related to manufacture and supply of auto components for transportation industry. The Chief Operating Decision Maker (Board of Directors) reviews the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance and the entire operations are classified as a single business segment, namely components for transportation industry. The geographical segments considered for disclosure are - India and Rest of the World. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

### 1.36 Use of estimates and critical accounting judgements

The preparation of financial statements in conformity with Ind AS requires the management to make certain judgements, estimates and assumptions that may affect the application of accounting policies, reported amounts and related disclosures.

These judgements and estimates may have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

All assumptions, expectations and forecasts that are used as a basis for judgements and estimates

## Notes forming part of the Consolidated financial statements

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in the financial statements represent as accurately as possible for the Group. These judgements and estimates only represent management's interpretation as of the dates on which they were prepared.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Actual results may differ from these judgments and estimates.

Important judgements and estimates relate largely to provisions, employee benefit plans, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities and valuation of financial instruments.

Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

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**2 Property, Plant and Equipment and Capital Work-in-progress**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Carrying amounts of:</b>		
Freehold land	26.07	26.07
Buildings	77.23	79.00
Plant and equipment	261.95	267.41
Furniture and Fixtures	1.23	1.31
Office Equipments	4.62	4.53
Vehicles	0.29	0.27
	<b>371.39</b>	<b>378.59</b>
Capital Work-in-progress	49.83	15.62
<b>Total</b>	<b>421.22</b>	<b>394.21</b>

Gross Block	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at April 1, 2018	26.07	79.92	376.58	2.93	9.79	0.60	495.89
Additions	-	8.51	51.29	0.35	1.42	0.06	61.63
Disposals	-	(0.01)	(1.56)	-	-	-	(1.57)
Effect of foreign currency exchange differences	-	-	6.15	-	0.12	(0.01)	6.26
Balance as at March 31, 2019	26.07	88.42	432.46	3.28	11.33	0.65	562.21
Additions	-	1.90	48.94	0.59	1.96	0.09	53.48
Disposals	-	(0.05)	(1.46)	-	(0.05)	-	(1.56)
Effect of foreign currency exchange differences	-	-	6.41	0.01	0.81	0.02	7.25
Transfer to Right of use assets	-	-	(12.95)	-	-	-	(12.95)
Balance as at March 31, 2020	26.07	90.27	473.40	3.88	14.05	0.76	608.43

## Notes forming part of the Consolidated financial statements

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### Accumulated depreciation

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
<b>Balance as at April 1, 2018</b>	-	6.04	105.05	1.31	4.37	0.25	117.02
Depreciation expense	-	3.38	58.44	0.66	2.42	0.12	65.02
Effect of foreign currency exchange differences	-	-	1.56	-	0.01	0.01	1.58
<b>Balance as at March 31, 2019</b>	-	9.42	165.05	1.97	6.80	0.38	183.62
Depreciation expense	-	3.62	55.08	0.68	2.50	0.09	61.97
Effect of foreign currency exchange differences	-	-	3.02	-	0.13	-	3.15
Transfer to Right of use assets	-	-	(11.70)	-	-	-	(11.70)
<b>Balance as at March 31, 2020</b>	-	13.04	211.45	2.65	9.43	0.47	237.04
<b>Carrying amount as at March 31, 2019</b>	26.07	79.00	267.41	1.31	4.53	0.27	378.59
<b>Carrying amount as at March 31, 2020</b>	26.07	77.23	261.95	1.23	4.62	0.29	371.39

### 3 Goodwill

Particulars	As at March 31, 2020	As at March 31, 2019
Cost/deemed cost	6.02	6.03
Accumulated impairment losses	1.96	-
<b>Total</b>	<b>4.06</b>	<b>6.03</b>

### Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to the identified cash-generating units.

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management.

As per requirements of Ind AS 36, the company / group has assessed the recoverable value of its Goodwill in an operating wholly owned step down subsidiary (either directly or through the intermediate subsidiary) and provided for an impairment aggregating to ₹ 1.96 Crores. In order to carry out the above assessment, projections of future cash flows based on the most recent long-term forecasts, including selling price as well as volumes are estimated over the next five years. The estimation of sales volumes is based on management's assessment of probability of securing the new businesses in the future, adverse business impact and uncertainties arising due to COVID-19 pandemic to the extent known. The impact of Covid 19 on the Group's financial results/statements may differ from that estimated as at the date of approval of these financial results/statements dependent on circumstances that evolve in the future.

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**4 Right of use assets**

Particulars	As at March 31, 2020		As at March 31, 2019	
<b>Carrying amounts of:</b>				
Right of use assets	4.54		-	
	4.54		-	

Particulars	As at Land	As at Buildings	As at Vehicles	As at Plant and Machinery	As at Office equipments	As at Others	As at Total
Cost or deemed cost							
Balance at beginning of the year 2019	-	-	-	-	-	-	-
Recognition of right of use assets on account of transition to IndAS 116	2.20	0.88	1.29	0.46	0.88	0.18	5.89
Disposals	-	-	-	-	-	-	-
Transfer from Property, Plant and Equipment	-	-	-	12.95	-	-	12.95
Effect of foreign currency exchange differences	-	-	-	1.04	0.24	-	1.28
Balance at end of the year 2020	2.20	0.88	1.29	14.45	1.12	0.18	20.12

**Accumulated amortisation**

Balance at beginning of the year 2019	-	-	-	-	-	-	-
Amortisation expense	0.09	0.40	0.34	1.25	0.59	0.04	2.71
Effect of foreign currency exchange differences	-	-	-	1.01	0.16	-	1.17
Transfer from Property, Plant and Equipment	-	-	-	11.70	-	-	11.70
Balance at end of the year 2020	0.09	0.40	0.34	13.96	0.75	0.04	15.58
Carrying amount as at March 31, 2019	-	-	-	-	-	-	-
Carrying amount as at March 31, 2020	2.11	0.48	0.95	0.49	0.37	0.14	4.54

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### 5 Other Intangible Assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Carrying amounts of:</b>		
Software Licence	0.59	1.39
<b>Total</b>	<b>0.59</b>	<b>1.39</b>
Software Licence		
Particulars		As at
Cost or Deemed cost		
Balance at beginning of the year 2018		2.87
Additions		0.72
Disposals		-
Balance at end of the year 2019		3.59
Additions		0.15
Disposals		-
Balance at end of the year 2020		3.74
Accumulated amortisation		
Balance at beginning of the year 2018		1.27
Amortisation expense		0.93
Balance at end of the year 2019		2.20
Amortisation expense		0.95
Balance at end of the year 2020		3.15
Carrying amount as at March 31, 2019		1.39
Carrying amount as at March 31, 2020		0.59

### 6 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investments in equity instruments (fully paid-up) (Unquoted) At cost</b>		
Capsol Energy Private Limited (6,00,000 number of equity shares @ ₹ 10 each)	0.60	0.60
<b>Total Non-Current Investments</b>	<b>0.60</b>	<b>0.60</b>
Aggregate carrying value of unquoted investments		
Aggregate amount of impairment in value of investments	-	-

### 7 Other Financial Assets

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Security Deposits	10.24	9.26	-	0.12
Insurance claims	10.08	10.08	1.28	4.33
Claims receivable	-	0.08	0.13	0.34
Margin money Deposits	2.22	0.65	0.12	0.17
Interest receivable	-	-	0.36	0.26
Tooling advance	26.92	17.23	-	-
<b>Total</b>	<b>49.46</b>	<b>37.30</b>	<b>1.89</b>	<b>5.22</b>

#### Note:

Margin money with banks is restricted cash deposits and consists of collateral provided for bank guarantees and DSRA account earmarked for EXIM Loan provided to step down Subsidiary (Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020)).

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**8 Income Tax assets (Net)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	9.95	7.33
Less: Current tax payable for the year	(3.69)	(25.32)
Add: Taxes paid	8.20	27.94
Closing Balance	14.46	9.95

**9 Other Assets**

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Other Non Financial Assets</b>				
Unsecured and considered good unless otherwise stated :				
Capital Advances	21.50	7.60	-	-
Advances paid to suppliers	-	-	4.19	5.68
Advances to employees	-	-	0.12	0.20
Balance with Statutory Authorities	-	-	7.30	8.48
Deposit with government Authorities	5.07	5.11	-	-
Advance Fringe benefits tax	-	-	-	0.03
Prepayment against leasehold land	2.09	1.80	-	-
Prepaid Expenses	-	-	6.20	3.73
Export Entitlements	-	-	3.80	13.34
Others	5.67	-	2.56	0.73
<b>Total</b>	<b>34.33</b>	<b>14.51</b>	<b>24.17</b>	<b>32.19</b>

**10 Inventories**

Particulars	As at March 31, 2020	As at March 31, 2019
(At lower of cost and net realisable value)		
Raw materials	36.57	44.15
Work-in-progress	18.62	18.92
Finished goods	67.05	75.41
Stores and spares	30.94	27.02
Goods in transit (Finished Goods)	3.66	6.29
<b>Total</b>	<b>156.84</b>	<b>171.79</b>

The cost of inventories recognised as an expense during the year is as per Note No. 25

The cost of inventories recognised as an expense includes ₹ Nil (during 2018-19:Rs.0.10 crores) in respect of write-downs of inventory to net realisable value, and has been reduced by Rs.0.26 crores (during 2018-19:Rs.Nil) in respect of the reversal of such write-downs.

The mode of valuation of inventories has been stated in note 1.17

## Notes forming part of the Consolidated financial statements

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### 11 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables Considered good - Unsecured	190.80	245.87
Trade receivable - Credit impaired	2.15	4.92
<b>Sub Total</b>	<b>192.95</b>	<b>250.79</b>
Less: Allowance for credit impaired (expected credit loss allowance)	(2.15)	(4.92)
<b>Total</b>	<b>190.80</b>	<b>245.87</b>

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience based on : a) Past trend of outstanding receivables > 120 days over a rolling period of past 24 months ; b) Past trend of the actual amount of bad debts written off over a rolling period of past 24 months and c) actual amount of outstanding receivables greater than 120 days as on the reporting date. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The range of provision created as a percentage of outstanding under various age groups below 120 days past ranges between 0% to 5%. The Group as a policy provides for Expected Credit Loss (ECL) of an amount arrived as per (a), (b), (c), whichever is higher.

#### (i) Movements in allowance for credit losses of receivables as per ECL is as below

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Balance at the beginning of the year</b>	<b>4.92</b>	<b>3.63</b>
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(2.82)	1.29
Foreign exchange adjustment	0.05	-
Bad debts written off/written back	-	-
<b>Balance at the end of the year</b>	<b>2.15</b>	<b>4.92</b>

### 12 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks (including deposits with original maturity up to 3 months)		
(i) In Current account	14.08	10.76
(ii) In EEFC account	4.07	6.46
(iii) In Deposit account	-	0.39
Cash on hand	0.20	0.20
<b>Total</b>	<b>18.35</b>	<b>17.81</b>

#### Reconciliation of cash and cash equivalents to cash flow statement

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents as above	18.35	17.81
Exchange (Gain)/Loss on EEFC account	(0.05)	0.08
<b>Total</b>	<b>18.30</b>	<b>17.89</b>

### 13 Other bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks in earmarked accounts		
(i) In Unclaimed Dividend account	0.18	0.18
<b>Total</b>	<b>0.18</b>	<b>0.18</b>

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**14 Loans receivable**

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Loans receivable considered good - Unsecured		
a. Loans to employees	0.33	0.25
<b>Total</b>	<b>0.33</b>	<b>0.25</b>

**15 Equity Share Capital**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>AUTHORISED :</b>		
Equity Shares:		
2,50,00,000 Equity Shares of Rs.10 each	25.00	25.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,25,53,891 Equity Shares of Rs.10 each fully paid-up	12.55	11.97
1,25,53,891 fully paid Equity shares of Rs.10 each (as at March 31, 2019 : 1,19,73,171 fully paid Equity shares of Rs.10 each)"	12.55	11.97

**15.1 Movement in Equity Share Capital**

Particulars	2019-20		2018-19	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
<b>Equity Shares of Rs.10 each fully paid up</b>				
At the beginning of the year	1,19,73,171	11,97,31,710	1,16,07,541	11,60,75,410
Allotment of shares under preferential issue	5,80,720	58,07,200	3,65,630	36,56,300
<b>At the end of the year</b>	<b>1,25,53,891</b>	<b>12,55,38,910</b>	<b>1,19,73,171</b>	<b>11,97,31,710</b>

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Additions during the year represents fresh issue of equity shares to Rane Holdings Limited on Preferential allotment

**15.2 Shares of the Company held by holding company**

Name of the Share holder	No of shares held as at			
	March 31, 2020		March 31, 2019	
	Nos.	%	Nos.	%
Rane Holdings Ltd	79,61,398	63.42%	73,80,678	61.64%

**15.3 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:**

Name of the Share holder	No of shares held as at			
	March 31, 2020		March 31, 2019	
	Nos.	%	Nos.	%
Rane Holdings Ltd	79,61,398	63.42%	73,80,678	61.64%

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 16 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
General Reserve	185.89	160.06
Securities Premium	98.20	82.11
Amalgamation adjustment account	(0.20)	(0.20)
Capital redemption reserve	12.73	12.73
Money Received against Share warrant	8.33	-
Retained Earnings	(121.56)	(36.42)
Foreign Currency translation reserve	(9.28)	(0.05)
Cash flow hedging reserve	(2.79)	-
Total	171.32	218.23

Particulars	As at March 31, 2020	As at March 31, 2019
General Reserve		
Opening balance	160.06	127.70
Add :Addition during the year	25.83	32.36
Closing balance	185.89	160.06

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit or loss.

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium		
Opening balance	82.11	62.47
Add :Addition during the year	16.09	19.64
Closing balance	98.20	82.11

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of The Companies Act, 2013 (the "Companies Act").

Additions during the year represents Premium received on fresh issue of equity shares to Rane Holdings Limited on Preferential allotment

Particulars	As at March 31, 2020	As at March 31, 2019
Amalgamation Adjustment account		
Opening balance	(0.20)	(0.20)
Add: Addition during the year	-	-
Closing balance	(0.20)	(0.20)

At the time of business combination under common control, amalgamation adjustment reserve of transferor becomes the amalgamation adjustment reserve of transferee Company.

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Capital Redemption Reserve</b>		
Opening balance	12.73	12.73
Add :Addition during the year	-	-
<b>Closing balance</b>	<b>12.73</b>	<b>12.73</b>

The Companies Act requires that where a Company purchases its own shares out of free reserves or securities premium, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the redemption of preference shares issued in earlier years.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Money Received against Share warrant</b>		
Opening balance	-	5.00
Add :Addition/ (Deletions) during the year	8.33	(5.00)
<b>Closing balance</b>	<b>8.33</b>	<b>-</b>

Ind AS 33 Earnings per Share defines 'warrants' as "financial instruments which give the holder the right to acquire equity shares". Thus, effectively, warrants are the amount which would ultimately form part of the Shareholders' funds. Since shares were yet to be allotted against the same as at March 31, 2020, these were not reflected as part of Share Capital but as a separate line item - 'Money received against share warrants'.

Additions during the year represents monies received from Rane Holdings Limited(Holding Company) on account of Preferential issue of share warrants.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Retained Earnings</b>		
Balance at the beginning of the year	(36.42)	12.42
Profit attributable to equity shareholders of the company	(45.51)	2.42
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(7.30)	(2.64)
Transfer to General Reserve	(25.83)	(32.36)
Payment of dividends on equity shares	(6.50)	(16.26)
<b>Balance at the end of the year</b>	<b>(121.56)</b>	<b>(36.42)</b>

The amount that can be distributed by the Company as dividend to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013.

In respect of the year ended March 31, 2020, the board had declared and paid an interim dividend on equity shares at ₹ Nil per equity share amounting to ₹ Nil crores inclusive of Dividend Distribution Tax of ₹ Nil crores (For year ended March 31, 2019 ₹ 4.00 per equity share amounting to ₹ 5.76 Crores inclusive of Dividend Distribution Tax of ₹ 0.98 Crores). The directors propose that a final dividend of ₹ Nil per share (For year ended March 31, 2019 ₹ 4.50 per share) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ Nil Crores along with Dividend Distribution tax of ₹ Nil Crores (For the year ended March 31, 2018 ₹ 5.39 Crores along with Dividend Distribution tax of ₹ 1.11 Crores).

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Foreign Currency Translation reserve</b>		
Balance at the beginning of the year	(0.05)	(2.61)
Add :Addition during the year	(9.23)	2.56
<b>Balance at the end of the year</b>	<b>(9.28)</b>	<b>(0.05)</b>

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Hedging Reserve</b>		
Balance at the beginning of the year	-	0.61
Gain / (loss) recognised on cash flow hedges	(4.29)	(0.79)
Income tax relating to gain/loss recognised on cash flow hedges	1.50	0.18
<b>Balance at the end of the year</b>	<b>(2.79)</b>	-

The cumulative effective portion of gain or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss or are included as an adjustment to the cost of the related non-financial hedged item.

The Company has designated certain foreign currency contracts as cash flow hedges in respect of foreign exchange risks.

### 17A Non-current borrowings

Particulars	Non-current		Current Maturities (Refer Note 18)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Unsecured - at amortised cost</b>				
Term Loans				
- from banks	30.00	15.00	-	-
<b>Sub Total</b>	<b>30.00</b>	<b>15.00</b>	<b>-</b>	<b>-</b>
<b>Secured - at amortised cost</b>				
Term Loans				
- from banks	169.92	126.39	73.47	52.34
<b>Sub Total</b>	<b>169.92</b>	<b>126.39</b>	<b>73.47</b>	<b>52.34</b>
Less: Unamortised Borrowing Costs	0.01	0.07	-	-
<b>Total</b>	<b>199.91</b>	<b>141.32</b>	<b>73.47</b>	<b>52.34</b>

#### Summary of borrowing arrangements

Secured loans include loan from banks. The Secured Loans outstanding as at March 31, 2020 are secured by a charge created on the Company's Fixed Assets both present and future (excluding Velachery and Mysuru properties).

EXIM Bank Loan is secured against all movable Property, Plant and Equipment, current assets of Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) and shares of Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) held by Rane (Madras) International Holdings B.V.;

EXIM Bank loan availed by Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) during the year has been secured against an unconditional and irrevocable Standby Letter of Credit provided and by a charge created on the Company's Fixed Assets both present and future (excluding Velachery and Mysuru properties).

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

The terms of repayment of term loans are given below

**As at March 31, 2020****Secured**

<b>Particulars</b>	<b>Terms of repayment</b>
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from January 2018 with 2 Years of Moratorium period
ICICI Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from April 2019 with 3 Years of Moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from March 2019 with 2 Years of Moratorium period
SCB - INR Long Term Loan	Repayable in 10 equal quarterly Instalments commencing from January 2020 with 30 months of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 16 equal quarterly Instalments commencing from September 2020 with 1 Year of moratorium period (after considering Moratorium announced by RBI)
Federal Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from June 2021 with 2 years of moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	Repayable in 12 equal quarterly Instalments commencing from February 2019 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	Repayable in 12 structured quarterly Instalments commencing from February 2022 with 2 Years of Moratorium period
<b>Unsecured</b>	
AXIS Bank - INR Long Term Loan	Repayable in single Instalment in November 2020 (after considering Moratorium announced by RBI)

The interest rate for INR loans range from 8.40% p.a to 9.10% p.a; The interest rate for USD loans range from LIBOR (6 months) + 230 bps p.a to LIBOR (6 months) + 375bps p.a

The Company has opted to avail the moratorium announced by RBI vide notification dated March 27, 2020 and May 23, 2020 as part of COVID-19 regulatory package consequent to which Term Loan principal repayment from April 2020 to August 2020 has been rescheduled

**As at March 31, 2019****Secured**

<b>Particulars</b>	<b>Terms of repayment</b>
HDFC Bank - INR Long Term Loan	Repayable in 12 quarterly Instalments commencing from January 2018 with 2 Years of Moratorium period
ICICI Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from April 2019 with 3 Years of Moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 12 quarterly Instalments commencing from March 2019 with 2 Years of Moratorium period
SCB - INR Long Term Loan	Repayable in 10 equal quarterly Instalments commencing from January 2020 with 30 months of moratorium period

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

HDFC Bank - INR Long Term Loan	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
HDFC Bank - INR Long Term Loan	Repayable in 16 equal quarterly Instalments commencing from June 2020 with 1 Year of moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	Repayable in 12 equal quarterly Instalments commencing from February 2019 with 2 Years of Moratorium period
<b>Unsecured</b>	
AXIS Bank - INR Long Term Loan	Repayable in single Instalment in May 2020

The interest rate for INR loans range from 8.75% p.a to 9.40% p.a; The interest rate for USD loans are LIBOR (6 months) + 375bps p.a

### Breach of Loan agreement

There is no breach of loan agreement with banks

### 17B Current Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured - at amortised cost</b>		
Other loans from banks (Short term Loan)	20.00	40.00
Bill Discounting*	5.87	4.50
<b>Secured - at amortised cost**</b>		
Loan repayable on demand		
- from banks	0.03	0.01
Other loans from banks	170.76	178.52
	196.66	223.03
Less: Unamortised Borrowing Costs	-	-
	196.66	223.03

\*Bill Discounting represent amount received against finance receivables securitized / assigned, which does not qualify for derecognition.

\*\*Secured loans include cash credit, packing credit, Buyers credit and working capital demand loan from banks. The Secured Loans outstanding as at March 31, 2020 are secured on a pari passu basis by way of hypothecation of inventories and book debts.

\*\* EXIM Bank loan is secured against all movable property, plant and equipment, current assets of Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) and shares of Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) held by Rane (Madras) International Holdings B.V.

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**18 Other financial liabilities**

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	-	-	1.32	1.80
Unclaimed dividends	-	-	0.17	0.18
Current maturities of long-term debt	-	-	73.47	52.34
Security Deposits - Others	-	-	0.43	0.92
Tooling advance received from customers	2.15	8.11	2.17	-
Employee benefit payable	-	-	8.90	6.77
Derivative Liability	-	-	4.29	-
Lease liability/Long Term Capital lease obligation	3.61	0.07	1.19	1.29
Commission payable to Chairman	-	-	0.30	1.44
Payables on purchase of fixed assets	-	-	0.37	0.68
Others	-	-	0.08	0.12
<b>Total</b>	<b>5.76</b>	<b>8.18</b>	<b>92.69</b>	<b>65.54</b>

**19 Provisions**

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for leave encashment (Refer Note 35)	6.09	6.21	1.24	1.33
Provision for Warranty	-	-	5.42	6.98
<b>Total</b>	<b>6.09</b>	<b>6.21</b>	<b>6.66</b>	<b>8.31</b>

**(i) Information about individual provisions and significant estimates****Provision for leave encashment**

The provision for employee benefits includes annual leave and vested long service leave entitlements accrued.

**Provision for Warranty****Refer Note 1.27****(ii) Movements in provisions**

Movements in each class of provision during the financial year, are set out below:

Particulars	Provision for leave encashment	Provision for Warranty
As at April 1, 2019	7.54	6.98
Charged/(credited) to profit or loss	0.85	3.49
Amounts utilised during the year	(1.06)	(5.05)
<b>As at March 31, 2020</b>	<b>7.33</b>	<b>5.42</b>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 20 Other liabilities

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Revenue received in advance				
- Deferred revenue arising from government grant (note (i) below)	2.49	3.98	1.84	1.89
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes etc.)	-	-	2.29	2.61
Advances and Deposits from Customers/Others	-	-	0.99	0.62
Accrued Gratuity (refer note 35)	-	-	10.21	7.33
Provision for Pension plan (refer note 35)	21.23	15.40	-	-
<b>Total</b>	<b>23.72</b>	<b>19.38</b>	<b>15.33</b>	<b>12.45</b>

Note:

- (i) The deferred revenue comprise of the benefit received from government as grant at a subsidised price for setting up business and government grant pertaining to capital goods imported under EPCG Scheme and recognised the same as deferred income with the corresponding impact in property, plant and equipment.

### 21 Deferred tax balances

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

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities(net)	(1.69)	(6.77)
MAT Credit	-	-
<b>Total</b>	<b>(1.69)</b>	<b>(6.77)</b>

#### Movements in Deferred Tax Liabilities

Particulars	Provision for expense	Termination benefit under VRS	Depreciation	Cash flow hedge reserve	Others	Total
<b>As at April 1, 2018</b>	<b>6.27</b>	<b>0.78</b>	<b>(21.22)</b>	<b>(0.18)</b>	<b>5.00</b>	<b>(9.35)</b>
Charged/(Credited)						
- to profit & loss	1.57	(0.44)	0.20	-	0.78	2.11
- to other comprehensive income	-	-	-	0.18	0.29	0.47
<b>As at March 31, 2019</b>	<b>7.84</b>	<b>0.34</b>	<b>(21.02)</b>	<b>-</b>	<b>6.07</b>	<b>(6.77)</b>
Charged/(Credited)						
- to profit & loss	(0.31)	3.05	0.15	-	(0.18)	2.71
- to other comprehensive income	-	-	-	1.50	0.87	2.37
<b>As at March 31, 2020</b>	<b>7.53</b>	<b>3.39</b>	<b>(20.87)</b>	<b>1.50</b>	<b>6.76</b>	<b>(1.69)</b>

### 22 Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables-Micro and Small enterprises	9.03	11.54
Trade payables-Other than Micro enterprises and Small enterprises	157.82	169.72
Trade payables-Acceptances	22.59	34.65
<b>Total</b>	<b>189.44</b>	<b>215.91</b>

Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of confirmations from such parties collected by the Management till date.

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**22.1 Micro and Small Enterprises:**

Particulars	As at March 31, 2020	As at March 31, 2019
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	9.03	11.54
- Interest	-	-
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	0.87	5.47
- Interest	0.01	0.09
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	-	-
- Interest	-	-
The amount of interest accrued and remaining unpaid at the end of the year ((Previous year Rs.Nil Crores) being interest outstanding as at the beginning of the accounting year)	-	-
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.	-	-

**23 Revenue from operations**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sales of Products	1,228.35	1,506.16
Other operating revenues		
- Scrap sales	11.87	19.18
- Sale of raw materials	3.64	2.89
- Sale of Tools	23.09	14.23
- Job charges	0.05	0.72
- Export Entitlements	10.08	11.44
<b>Total</b>	<b>1,277.08</b>	<b>1,554.62</b>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### 23.1 Disaggregation of the revenue Information

The table below presents disaggregated revenues from contracts with customers which is recognised based on goods transferred at a point of time by geography and offerings of the Group. As per the management, the below disaggregation best depicts the nature, amount, timing and uncertainty of how revenues and cash flows are affected by industry, market and other economic factors.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue by Geography</b>		
India	820.29	1,041.73
Outside India	408.06	464.43
<b>Total revenue from contracts with customers</b>	<b>1,228.35</b>	<b>1,506.16</b>
<b>Revenue by offerings</b>		
Manufactured goods		
Steering and Suspension Linkage Products	317.80	450.99
Steering Gear Products	568.85	644.03
Hydraulic Products	43.80	59.91
Diecasting products	252.55	298.93
Other Auto components	45.35	52.30
<b>Total revenue from contracts with customers</b>	<b>1,228.35</b>	<b>1,506.16</b>

### 23.2 Trade Receivables

The Group classifies the right to consideration in exchange for deliverables as receivable.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognized as and when the related goods are delivered to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

### 24 Other Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income earned on financial assets that are not designated at fair value through profit or loss		
-- On Deposits	0.30	0.29
-- On Supplier payments	0.14	0.16
Net gain on foreign currency transactions	10.74	-
Net Gain on disposal of property, plant and equipment	0.06	0.06
Other non-operating income		
Government Grant Income	1.54	1.91
Other non-operating Income	1.66	7.53
<b>Total</b>	<b>14.44</b>	<b>9.95</b>

### 25 Cost of Materials consumed

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock	44.15	30.20
Add: Purchases	682.30	877.54
Less: Closing stock	(36.57)	(44.15)
Raw materials and Components consumed *	689.88	863.59
Freight inward	14.26	17.53
Job work expenses	40.09	49.38
<b>Total</b>	<b>744.23</b>	<b>930.50</b>
* includes cost of raw materials and components sold	3.21	2.62

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**26 Changes in Inventories of finished goods and work-in-progress**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Opening Stock:</b>		
Work-in-process	18.92	21.31
Finished goods	81.70	79.75
<b>Closing Stock:</b>		
Work-in-process	18.62	18.92
Finished goods	70.71	81.70
(Increase)/Decrease in Stocks	11.29	0.44

**27 Employee Benefit Expense**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, Wages and Bonus	198.14	197.12
Contribution to		
Provident and Other Funds ( Refer Note 35)	19.28	16.36
Superannuation Fund ( Refer Note 35)	0.74	0.78
National Pension Scheme	0.13	0.07
Savings plan	0.73	1.23
Pension plan	1.28	1.34
Gratuity Fund (Refer Note 35)	1.99	1.78
Staff Welfare Expenses	11.59	11.55
<b>Total</b>	<b>233.88</b>	<b>230.23</b>

**28 Finance Cost**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest costs:		
Interest on bank overdrafts and loans (other than those from related parties)	35.61	30.68
Discount on Commercial paper	-	2.25
Other Borrowing costs	1.21	1.25
Interest on lease liabilities	0.46	0.11
<b>Total</b>	<b>37.28</b>	<b>34.29</b>

**29 Depreciation and amortisation expense**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on Property, plant and equipment (Note 2)	61.97	65.02
Depreciation on Right of use asset (Note 4)	2.71	
Amortisation of Intangible assets (Note 5)	0.95	0.93
<b>Total</b>	<b>65.63</b>	<b>65.95</b>

## Notes forming part of the Consolidated financial statements

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### 30 Other Expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and Fuel*	39.91	45.61
Rent expense	1.07	2.46
Travelling and Conveyance	8.67	11.10
Repairs and Maintenance		
- Buildings	3.45	4.33
- Plant and Machinery	27.93	28.66
- Others	3.22	3.59
Insurance	7.23	6.39
Rates and Taxes, excluding taxes on income	2.56	2.72
Auditors' Remuneration (Refer Note 30.1)	0.80	0.64
Directors' Sitting Fees	0.19	0.16
Professional Charges	15.86	12.25
Provision for Doubtful Debts and Advances	(2.82)	1.29
Printing and Stationery	1.47	1.57
Consumption of stores and spares	50.77	61.03
Packing materials consumed	30.06	36.45
Royalty and Technical Fees	0.37	0.77
Information Systems	5.80	5.00
Commission to Chairman	0.30	1.44
Freight Outward and Storage charges	28.05	26.73
Advertisement and Sales Promotion	0.73	3.37
Sales Commission	0.38	0.45
Product Warranty	3.49	2.23
Trade Mark fee	5.12	6.46
Postage and Telecom expenses	1.22	1.30
Bank Charges	1.05	0.72
Corporate Social Responsibility Expenditure (Refer Note 30.2)	1.04	1.08
Leasehold Land Amortisation	0.27	0.23
Net loss/(gain) on foreign currency transactions	-	5.76
Miscellaneous Expenses	3.59	3.74
	<b>241.78</b>	<b>277.53</b>

\*Includes Rs. 1.12 Crores for 2018-19 paid towards certain operating lease arrangement with third party vendors.

Included in other expenses are the below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>30.1. Payment to auditors</b>		
For audit	0.46	0.45
For taxation matters	0.03	0.05
For Limited Review	0.08	0.08
For certification fee	0.21	0.05
For reimbursement of expenses	0.02	0.01
	<b>0.80</b>	<b>0.64</b>
<b>30.2. Expenditure incurred for Corporate social responsibility</b>		
Total expenditure towards corporate social responsibility	1.04	1.08
(i) Construction/acquisition of any asset	0.04	-
(ii) On purposes other than (i) above	1.00	1.08
Amount required to be spent u/s 135 of the Companies Act, 2013	1.04	0.71
Excess / (Shortfall)	-	0.37

**Notes forming part of the Consolidated financial statements**

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**31 Tax Expense**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income taxes</b>		
Income tax recognised in profit or loss		
<b>Current tax</b>		
In respect of current year	3.69	25.32
	3.69	25.32
<b>Deferred tax</b>		
In respect of current year	(2.71)	(2.11)
<b>Deferred tax recognised in profit or loss</b>		
In India	(2.71)	(2.11)
<b>Total income tax expense /(gain) recognised in the current year</b>	<b>0.98</b>	<b>23.21</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit/(Loss) before tax</b>	<b>(44.53)</b>	<b>25.63</b>
Add: Loss of foreign subsidiary	60.25	44.54
Less: Exceptional item - Impairment of goodwill	(1.96)	
<b>Total</b>	<b>13.76</b>	<b>70.17</b>
Income Tax expense calculated at 34.94% (2018-19: 34.94%)	4.81	24.52
Effect of concessions (research and development related to Capital and Revenue)	(3.17)	(2.46)
Interest expense related to MSME enterprises	-	0.04
Income on sale of fixed assets	(0.05)	(0.05)
Difference between book and tax written down value of Depreciable assets	0.71	1.67
Deduction u/s 32AD of The Income Tax Act, 1961	(0.06)	(0.04)
Deferred Income impact due to Government Grant (EPCG)	(0.54)	(0.65)
Donation	0.15	0.22
Income exempt under 80JJAA of the Income Tax Act, 1961	(0.06)	(0.06)
Remeasurement of Defined Benefit Obligations	(0.87)	-
Others	0.06	0.02
<b>Income Tax expense recognised in profit or loss</b>	<b>0.98</b>	<b>23.21</b>

**32 Financial Instruments****32.1 Capital management**

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group.

The Group's capital management is intended to create value for shareholders by achieving the long term and short term goals of the Group, maintain the Group as a going concern and maintain optimal structure.

The Group determines the amount of capital required on the basis of annual operating plan coupled with long term and strategic investment and expansion plans. The funding needs are met through cash generated from operations, long term and short term bank borrowings and issue of non-convertible debt securities as and if the need arises.

The Group monitors the capital structure on the basis of debt to equity, debt to capital employed etc. and the maturity profile of the overall debt portfolio of the Group.

Net debt includes interest bearing borrowings less cash and cash equivalents, other bank balances (including non-current earmarked balances) and current investments.

## Notes forming part of the Consolidated financial statements

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(All amounts are in Crores in INR unless otherwise stated)

The table below summarises the capital, net debt and net debt to equity ratio of the Group.

Particulars	As at March 31, 2020	As at March 31, 2019
Debt *	470.04	416.69
Cash and bank balances	18.53	17.99
Net debt	451.51	398.70
Total Equity**	183.87	230.20
<b>Net debt to equity ratio</b>	<b>2.46</b>	<b>1.73</b>

\*Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts).

\*\* Equity includes all capital and reserves of the Group that are managed as capital.

### 32.2 Fair Value Measurement

#### Financial Instrument by Category

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Loans	-	-	0.33	-	-	0.25
Investments	-	-	0.60	-	-	0.60
Trade Receivables	-	-	190.80	-	-	245.87
Cash and Cash Equivalents	-	-	18.35	-	-	17.81
Bank balances other than above	-	-	0.18	-	-	0.18
Security Deposits	-	-	10.24	-	-	9.38
Claims receivable	-	-	0.13	-	-	0.42
Margin money Deposits	-	-	2.34	-	-	0.82
Interest receivable	-	-	0.36	-	-	0.26
Tooling advance	-	-	26.92	-	-	17.23
Insurance claims	-	-	11.36	-	-	14.41
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>261.61</b>	<b>-</b>	<b>-</b>	<b>307.23</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	470.04	-	-	416.69
Trade Payables	-	-	189.44	-	-	215.91
Interest accrued but not due on borrowings	-	-	1.32	-	-	1.80
Unclaimed dividends	-	-	0.17	-	-	0.18
Lease Liability/ Long term lease obligations	-	-	4.80	-	-	1.36
Security Deposits - Others	-	-	0.43	-	-	0.92
Toolding advance received from customers	-	-	4.32	-	-	8.11
Employee benefit payable	-	-	8.90	-	-	6.77
Derivative Liability	-	4.29	-	-	-	-
Commission payable to Chairman	-	-	0.30	-	-	1.44
Payables on purchase of fixed assets	-	-	0.37	-	-	0.68
Others	-	-	0.08	-	-	0.12
<b>Total Financial Liabilities</b>	<b>-</b>	<b>4.29</b>	<b>680.17</b>	<b>-</b>	<b>-</b>	<b>653.98</b>

## Notes forming part of the Consolidated financial statements

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(All amounts are in Crores in INR unless otherwise stated)

The below tables summarise the fair value hierarchy of the financial assets/liabilities

- i. The fair value hierarchy of financial assets and liabilities measured at fair value

Particulars	As at March 31, 2020	As at March 31, 2019	Fair Value Hierarchy (Level 1,2,3)*	Valuation Technique
<b>Derivative financial assets (a)</b>				
Fair value Derivative Hedging receivable	-	-	2	Fair value of forward exchange contract and option contract is determined using forward exchange and MTM rates at the reporting date respectively.
<b>Total</b>	<b>4.29</b>	<b>-</b>		
<b>Derivative financial liabilities (b)</b>				
Fair value Derivative Hedging liability	4.29	-	2	Fair value of forward exchange contract and option contract is determined using forward exchange and MTM rates at the reporting date respectively.
<b>Total</b>	<b>4.29</b>	<b>-</b>		
<b>Net derivative financial assets / (liabilities) (a - b)</b>	<b>(4.29)</b>	<b>-</b>		

- ii. Fair value of financial assets/liabilities that are not measured at fair value

The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value.

Particulars	As at March 31, 2020		As at March 31, 2019		Fair Value Hierarchy (Level 1,2,3)*
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial assets</b>					
Financial assets at amortised cost:					
Loans	0.33	0.33	0.25	0.25	3
Investments	0.60	0.60	0.60	0.60	3
Trade Receivables	190.80	190.80	245.87	245.87	3
Cash and Cash Equivalents	18.35	18.35	17.81	17.81	3
Bank balances other than above	0.18	0.18	0.18	0.18	3
Security Deposits	10.24	10.24	9.38	9.38	3
Claims receivable	0.13	0.13	0.42	0.42	3
Margin money Deposits	2.34	2.34	0.82	0.82	3
Interest receivable	0.36	0.36	0.26	0.26	3
Tooling advance	26.92	26.92	17.23	17.23	3
Insurance claims	11.36	11.36	14.41	14.41	3
<b>Total Financial Assets</b>	<b>261.61</b>	<b>261.61</b>	<b>307.23</b>	<b>307.23</b>	

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019		Fair Value Hierarchy (Level 1,2,3)*	
	Carrying amount	Fair value	Carrying amount	Fair value		
<b>Financial liabilities</b>						
<b>Financial liabilities held at amortised cost:</b>						
Borrowings	470.04	470.04	416.69	416.69	3	
Trade Payables	189.44	189.44	215.91	215.91	3	
Interest accrued but not due on borrowings	1.32	1.32	1.80	1.80	3	
Unclaimed dividends	0.17	0.17	0.18	0.18	3	
Lease Liability/ Long term capital lease obligations	4.80	4.80	1.36	1.36	3	
Security Deposits - Others	0.43	0.43	0.92	0.92	3	
Tooling advance received from customers	4.32	4.32	8.11	8.11	3	
Employee benefit payable	8.90	8.90	6.77	6.77	3	
Commission payable to Chairman	0.30	0.30	1.44	1.44	3	
Payables on purchase of fixed assets	0.37	0.37	0.68	0.68	3	
Others	0.08	0.08	0.12	0.12	3	
<b>Total Financial Liabilities</b>	<b>680.17</b>	<b>680.17</b>	<b>653.98</b>	<b>653.98</b>		

\* Fair Value Hierarchy (Level 1,2,3)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and deposits included in level 3.

### 32.3 Financial risk management objectives

The Group's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual credit profile of each customer and the concentration of risk from the top few customers.

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

#### (a) Market Risk

The Group operates on a global platform and a portion of the business is transacted in multiple currencies. Consequently, the Group is exposed to foreign exchange risk through its sales in the United States, European Union and other parts of the world, and purchases from overseas suppliers in different foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

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**Foreign Currency risk management**

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

The carrying amounts of the Group's Unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows

Particulars	As at March 31, 2020		As at March 31, 2019	
	In ₹ (Crores)	In Foreign Currency (Crores)	In ₹ (Crores)	In Foreign Currency (Crores)
	Receivable/(Payable)	Receivable/ (Payable)	Receivable/(Payable)	Receivable/(Payable)
<b>Financial Assets</b>				
<b>USD</b>				
Trade Receivable	41.22	0.55	61.48	0.89
Advances	3.86	0.05	1.58	0.02
<b>EUR</b>				
Trade Receivable	10.31	0.12	4.39	0.06
Advances	0.75	0.01	0.73	0.01
<b>GBP</b>				
Advances	0.06	0.00	0.14	0.00
<b>Sub Total</b>	<b>56.21</b>		<b>68.32</b>	
<b>Financial Liabilities</b>				
<b>USD</b>				
Loans	(3.10)	(0.04)	(27.14)	(0.39)
Trade Payable	(2.38)	(0.03)	(3.72)	(0.05)
<b>EUR</b>				
Loans	-	-		
Trade Payable	(2.81)	(0.03)	(0.24)	(0.00)
<b>JPY</b>				
Trade Payable	(0.02)	(0.02)		
<b>Sub Total</b>	<b>(8.31)</b>		<b>(31.10)</b>	
<b>Net Balance</b>	<b>47.90</b>		<b>37.22</b>	

**Foreign Currency sensitivity analysis**

The Group is mainly exposed to US Dollar and EURO currencies. The following table details the Group's sensitivity to a 5% increase and decrease against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Indian Rupee strengthens by 5% against the relevant currency. For a 5% weakening of the Indian Rupee against the relevant currency, there would be a comparable impact on the profit or equity.

Particulars	Currency USD impact		Currency EUR impact		Currency GBP impact	
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Impact on profit or loss for the year</b>						
- Increase by 5%	1.98	1.61	0.41	0.24	0.00	0.01
- Decrease by 5%	(1.98)	(1.61)	(0.41)	(0.24)	(0.00)	(0.01)

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In management's opinion, the sensitivity analysis is not a complete reflection of the inherent foreign exchange risk considering the fact that the exposure at the end of the reporting period does not reflect the exposure during the year.

### Derivative Financial Instruments

The Group operates on a global platform and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows, both incoming and outgoing.

The Group holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. It is the policy of the Group to enter into forward foreign exchange and option contracts to cover specific foreign currency payments and receipts within a specific range. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions ranging from 6 months to One year by covering a specific range of exposure generated. Adjustments are made to the initial carrying amount of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following table details the forward foreign currency (FC) and option contracts outstanding at the end of the reporting period:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Foreign currency (In Crores)	In ₹ (In Crores)	Foreign currency (In Crores)	In ₹ (In Crores)
Derivatives designated as cash flow hedges				
Forward Contracts				
In USD	1.16	85.77	-	-
In Euro	0.31	26.19	-	-
Total	1.47	111.96	-	-

The foreign exchange forward and options contracts mature within 12 months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than 1 month	8.65	-
Later than 1 month but not later than 3 months	20.46	-
Later than 3 month up to 6 months	22.39	-
Later than 6 months but not later than 1 year	60.46	-
Total	111.96	-

The Group has designated foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedge reserve are expected to occur and reclassified to revenue in the Statement of Profit and loss within 3-12 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

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The reconciliation of cash flow hedge reserve for the year ended March 31, 2020 is as follows:

Particulars	As at March 31, 2020
<b>Balance at the beginning of the year</b>	-
Gain/loss recognised in other comprehensive income during the period	(4.29)
Tax impact on above	1.50
<b>Balance at the end of the year</b>	<b>(2.79)</b>

**(b) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, investments carried at cost value and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

**(i) Expected credit loss for investments, loans, security deposits and investments**

The estimated gross carrying amount at default is Nil (March 31, 2019: Nil) for investments, loans and deposits. Consequently there are no expected credit loss recognised for these financial assets.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

**(ii) Expected credit loss for trade receivables under simplified approach**

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience based on : a) Past trend of outstanding receivables > 120 days over a rolling period of past 24 months ; b) Past trend of the actual amount of bad debts written off over a rolling period of past 24 months and c) actual amount of outstanding receivables greater than 120 days as on the reporting date. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Group as a policy provides for Expected Credit Loss (ECL) of an amount arrived as per (a), (b), (c), whichever is higher

**(c) Liquidity risk management**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

**Liquidity and interest risk tables**

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To

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the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020

Particulars	Less than 1 year	1-5 year	More than 5 years	Total contractual cash flows	Carrying amount
Borrowings	270.13	199.91	-	470.04	470.04
Trade Payables	189.44	-	-	189.44	189.44
Interest accrued but not due on borrowings	1.32	-	-	1.32	1.32
Unclaimed dividends	0.17	-	-	0.17	0.17
Lease liability	1.19	2.66	0.95	4.80	4.80
Security Deposits - Others	0.43	-	-	0.43	0.43
Tooling advance received from customers	2.17	2.15	-	4.32	4.32
Employee Benefit payable	8.90	-	-	8.90	8.90
Derivative Liability	4.29	-	-	4.29	4.29
Commission payable to Chairman	0.30	-	-	0.30	0.30
Payables on purchase of fixed assets	0.37	-	-	0.37	0.37
Others	0.08	-	-	0.08	0.08
	478.79	204.72	0.95	684.46	684.46

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019

Particulars	Less than 1 year	1-5 year	More than 5 years	Total contractual cash flows	Carrying amount
Borrowings	290.37	126.32	-	416.69	416.69
Trade Payables	215.91	-	-	215.91	215.91
Interest accrued but not due on borrowings	1.80	-	-	1.80	1.80
Unclaimed dividends	0.18	-	-	0.18	0.18
Lease Liability	1.36	-	-	1.36	1.36
Security Deposits - Others	0.92	-	-	0.92	0.92
Tooling advance received form customers	8.11	-	-	8.11	8.11
Employee benefit payable	6.77	-	-	6.77	6.77
Commission payable to Chairman	1.44	-	-	1.44	1.44
Payables on purchase of fixed assets	0.68	-	-	0.68	0.68
Others	0.12	-	-	0.12	0.12
	527.66	126.32	-	653.98	653.98

### 33 Segment Reporting

The Group is engaged in the activities related to manufacture and supply of auto components for transportation industry and the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment, namely components for transportation industry. The geographical segments considered for disclosure are - India and Rest of the World.. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

#### 33.1 Product wise break up - Please refer note no. 23.1

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**33.2 Geographical Information**

The Group's revenue from external customers by location of operations and information about its non current assets\*\* by location of operations are detailed below.

Particulars	Revenue from external customers		Non - current assets**	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
India	869.02	1,084.66	353.10	361.50
Rest of the world	408.06	469.96	111.64	54.64
<b>Total</b>	<b>1,277.08</b>	<b>1,554.62</b>	<b>464.74</b>	<b>416.14</b>

The geographical segments considered for disclosure are - India and Rest of the World. The manufacturing facilities are located in India and USA

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

**33.3 Information about major customers**

The Group is a manufacturer of Steering and Suspension Linkage Products, Steering Gear Products, Cylinder, Die casting products and other auto components for transportation industry.

The Group has three major customers (greater than 10% of total sales) and Revenue from sale of auto components to these major customers aggregated to ₹ 410.31 crores (March 31,2019, ₹ 481.40 crores).

**34 Related Party Disclosures**

Particulars	2019-20	2018-19
(a) List of related parties where control exists		
Holding Company	Rane Holdings Limited (RHL)	Rane Holdings Limited (RHL)
Other related parties where transaction has taken place		
(b) Key Management Personnel	L Ganesh, Chairman Harish Lakshman, Vice Chairman S Parthasarathy - CEO under the Companies Act, 2013 (Upto December 31, 2019) Gowri Kailasam - Manager & President ( W.e.f January 21, 2020)	L Ganesh, Chairman Harish Lakshman, Vice Chairman S Parthasarathy - CEO under the Companies Act, 2013
(c) Relative of KMP	L Lakshman	L Lakshman
(d) Enterprises over which KMP or relatives of KMP can exercise significant influence	Rane Foundation	Rane Foundation
(e) Fellow Subsidiaries	Rane Engine Valve Limited (REVL) Rane Holdings America Inc. (RHAI) Rane Brake Lining Limited (RBL) Rane Holdings Europe GmbH (RHEG) Rane t4u Private Limited	Rane Engine Valve Limited (REVL) Rane Holdings America Inc. (RHAI) Rane Brake Lining Limited (RBL) Rane Holdings Europe GmbH (RHEG) Rane t4u Private Limited
(f) Joint ventures of the Holding company	Rane TRW Steering Systems Private Limited(RTSS) Rane NSK Steering Systems Private Limited(RNSS)	Rane TRW Steering Systems Private Limited(RTSS) Rane NSK Steering Systems Private Limited(RNSS) JMA Rane Marketing Limited (JMA) (Up to November 14, 2018)

## Notes forming part of the Consolidated financial statements

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(All amounts are in Crores in INR unless otherwise stated)

### Details of related party transactions and balances :

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)	Joint ventures of the Holding company	Total		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	
							2019-20	2018-19									
<b>Transaction during the year</b>																	
Professional Charges	3.72	3.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.72
Software Expenses	4.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.12
Training Expenses	0.79	3.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.79
Miscellaneous Expenses	0.45	0.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.86
Preferential Issue of Equity shares	16.67	0.69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.67
Subscription of Convertible warrants	8.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.33
Trademark Fee	5.08	6.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.08
Sales Promotion Expenses - RHAI	-	-	-	-	-	-	-	-	-	2.84	2.53	-	-	-	-	-	2.53
Sales Promotion Expenses - RHEG	-	-	-	-	-	-	-	-	-	0.71	0.72	-	-	-	-	-	0.72
Purchases RBL and REVL	-	-	-	-	-	-	-	-	-	6.53	10.26	-	-	-	-	-	10.26
Reimbursement of Expenses from REVL, RBL	-	-	-	-	-	-	-	-	-	0.17	-	-	-	-	-	-	0.17
Purchases-RTSS	-	-	-	-	-	-	-	-	-	0.80	0.38	-	-	-	-	-	0.38
Purchases-RNSS	-	-	-	-	-	-	-	-	-	14.80	16.70	-	-	-	-	-	16.70
Sales-JMA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.43
Sales-RTSS	-	-	-	-	-	-	-	-	-	15.73	23.54	-	-	-	-	-	23.54
Donation-Rane Foundation	-	-	-	-	-	0.87	0.88	-	-	-	-	-	-	-	-	-	0.88

## Notes forming part of the Consolidated financial statements

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(All amounts are in Crores in INR unless otherwise stated)

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)			Joint ventures of the Holding company			Total
					2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	
Transfer of Machinery - Rane Foundation	-	-	-	-	-	-	0.05	-	-	-	0.05
Commission to Chairman	-	0.30	1.44	-	-	-	-	-	-	-	0.30
Salaries - Mr. S Parthaasathy	-	1.59	1.68	-	-	-	-	-	-	-	1.59
Salaries - Ms. Gowri Kailasam	-	0.26	-	-	-	-	-	-	-	-	0.26
Salaries - Mr. Aditya Ganesh	-	-	-	0.65	0.48	-	-	-	-	-	0.65
Sitting Fees	-	0.05	0.04	0.04	0.08	-	-	-	-	-	0.09
Balance as at year end 31, March	-	-	-	-	-	-	-	-	-	-	-
Payables	2.01	1.95	0.30	1.44	-	-	0.84	1.59	2.32	1.99	5.47
Receivables	-	-	-	-	-	-	0.10	0.05	2.53	4.78	2.63
Equity -RHL	7.96	-	-	-	-	-	-	-	-	-	7.96
Money received against share warrants - RHL	8.33	-	-	-	-	-	-	-	-	-	8.33

## Notes forming part of the Consolidated financial statements

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(All amounts are in Crores in INR unless otherwise stated)

### 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)		Joint ventures of the Holding company		Total	
					2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Payables</b>										
RHL	2.01	1.95	-	-	-	-	-	-	-	2.01
Mr L Ganesh	-	0.30	1.44	-	-	-	-	-	-	1.95
REVL	-	-	-	-	-	-	-	-	-	0.30
RBL	-	-	-	-	-	-	0.35	0.58	-	0.55
RHAI	-	-	-	-	-	-	0.49	0.46	-	0.35
RTSS	-	-	-	-	-	-	-	-	0.16	0.14
RNSS	-	-	-	-	-	-	-	-	2.16	1.85
Receivables	-	-	-	-	-	-	-	-	-	1.85
REVL	-	-	-	-	-	-	0.07	-	-	0.07
RHEG	-	-	-	-	-	-	0.03	0.05	-	0.03
RTSS	-	-	-	-	-	-	-	-	2.53	4.78
										4.78

### Remuneration to Key Management personnel

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
		1.88	3.00
Short term benefits paid			
Other Long term benefits paid	0.10	0.12	
Termination Benefits	0.17	-	
<b>Total</b>	<b>2.15</b>	<b>3.12</b>	

## Notes forming part of the Consolidated financial statements

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### 35 Employee benefit plans

#### A. Defined contribution plans

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

The major defined contribution plans operated by the Group are as below:

##### (a) Provident fund

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

The contributions, as specified under the law, are made to the Government.

##### (b) Superannuation fund

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

The Group contributes up to 15% of the eligible employees' salary to LIC every year. Such contributions are recognised as an expense as and when incurred. The Group does not have any further obligation beyond this contribution.

The total expense recognised in profit or loss of ₹ 6.58 Crores (for the year ended March 31, 2019: ₹ 7.26 Crores) represents contributions payable to these plans by the group at rates specified in the rules of the plans. As at March 31, 2020, contributions of ₹ 1.19 Crores (as at March 31, 2019: ₹ 1.07 Crores) due in respect to 2019-20 (2018-19) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

#### B. Defined benefit plans

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

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

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

#### (a) Leave obligations

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

The amount of provision of ₹ 7.33 Crores (March 31, 2019 - ₹ 7.54 Crores). However based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

Principal Actuarial Assumptions at Balance Sheet date	2019-20	2018-19
Discount rate	6.60%	7.60%
Expected rate of salary increase		
- Executives and Staff	7.60%	8.00%
- Operators	5.75%	6.00%
Attrition rate		
- Executives and Staff	8.00%	8.00%
- Operators	3.00%	3.00%

#### (b) Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group makes annual contributions to gratuity funds established as trusts; funded to LIC. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening defined benefit obligation	18.72	16.95
Current Service Cost	1.49	1.33
Interest cost	1.36	1.26
Remeasurement (gains) / losses :		
Actuarial gains and losses arising from changes in demographic assumptions	2.02	0.54
Actuarial gains and losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Past service cost, including losses / (gains) on curtailments	-	-
Benefits paid	(1.91)	(1.36)
<b>Closing defined benefit obligation</b>	<b>21.68</b>	<b>18.72</b>

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening fair value of plan assets	11.39	10.41
Interest income	0.85	0.82
Remeasurement gain/(loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(0.49)	(0.29)
Contributions from the Employer	1.61	1.81
Benefits paid	(1.91)	(1.36)
<b>Closing fair value of plan assets</b>	<b>11.47</b>	<b>11.39</b>

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Present value of funded defined benefit obligation	21.68	18.72
Fair value of plan assets	11.47	11.39
Funded status	10.21	7.33
Restrictions on asset recognised	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>10.21</b>	<b>7.33</b>

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Service Cost :		
Current Service cost	1.49	1.33
Past service cost and (gain) / loss from settlements	-	-
Net interest Expense	0.50	0.43
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>1.99</b>	<b>1.76</b>
Remeasurement on the net defined benefit liability :		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial (gains) / losses arising from changes in demographic assumptions	2.02	0.54
Actuarial (gains) / losses arising from changes in financial assumptions	0.47	0.27
Actuarial (gains) / losses arising from experience adjustments	-	-
Components of defined benefit costs recognised in other comprehensive income	2.49	0.81
<b>Total</b>	<b>4.48</b>	<b>2.57</b>

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

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

- (v) Risk Exposure

The Group has invested the plan assets with the insurer managed funds. The insurance Group has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

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

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

Particulars	Valuation as at	
	March 31, 2020	March 31, 2019
Discount Rate(s)	6.60%	7.60%
Expected Rate(s) of salary increase		
Executives and Staff	7.60%	8.00%
Operators	5.75%	6.00%
Expected rate of return on plan assets	6.60%	7.60%
Attrition Rate		
Executives and Staff	8.00%	8.00%
Operators	3.00%	3.00%

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

### Sensitivity Analysis

Particulars	Valuation as at	
	March 31, 2020	March 31, 2019
A. Discount Rate + 50 BP	7.10%	8.10%
Defined Benefit Obligation [PVO]	20.88	18.08
Current Service Cost	1.67	1.43
B. Discount Rate - 50 BP	6.1%	7.1%
Defined Benefit Obligation [PVO]	22.51	19.41
Current Service Cost	1.84	1.56
C. Salary Escalation Rate +50 BP	8.1% & 6.25%	8.5% & 6.5%
Defined Benefit Obligation [PVO]	22.54	19.43
Current Service Cost	1.84	1.56
D. Salary Escalation Rate -50 BP	7.1% & 5.25%	7.5% & 5.5%
Defined Benefit Obligation [PVO]	20.85	18.05
Current Service Cost	1.67	1.42

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Defined benefit liability and employer contributions

**Notes forming part of the Consolidated financial statements**

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(All amounts are in Crores in INR unless otherwise stated)

The weighted average duration of the defined benefit obligation is 8.2 years (2019-7.7 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2020	March 31, 2019
Year 1	2.79	2.84
Year 2	1.71	2.09
Year 3	2.12	1.47
Year 4	1.86	1.85
Year 5	1.61	1.64
Next 5 Years	11.04	9.15

In respect of subsidiary Rane Light Metal Castings Inc. (Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020))

**A. Defined contribution plans**

Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) has a 401k plan set up for its employees. The contributions payable to these plans by Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) are at rates specified in the rules of the schemes.

**B. Defined benefit plans :****Pension -**

A participant is eligible for his normal retirement pension after the participant has attained age of 62 and terminates employment. A participant shall receive a monthly benefit payable at normal retirement age equal to:

- \$23:00 multiplied by years of benefit service from December 2003 to October 10, 2005; plus
- \$24:00 multiplied by years of benefit service from October 2005 to October 9, 2006; plus\
- \$25:00 multiplied by years of benefit service from October 9, 2006, to October 8, 2007; plus
- \$26:00 multiplied by years of benefit service from October 5, 2007 to December 16, 2010; plus
- \$16:00 multiplied by benefit service after December 16, 2010."

**Disability benefit:**

The benefit will be payable in the form of a lifetime pension until the earliest of: recovery, death or normal retirement date.

**Death benefit:**

If a participant dies after he/she has become vested under the Plan but before he/she begins to receive a retirement pension benefit, his/her spouse will receive a 50% survivor benefit if he/she has been married at least one year. The liability with regards to the Plan are determined by the actuarial valuation, performed by an independent actuary, at each balance sheet date using projected unit cost method. Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) contributes all ascertained liabilities to the registered investment companies which are held under a separate trust through custodian, Charles Schwab, as permitted by the Department of Labor."

Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest Rate risk:** The plan exposes Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants

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from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Particulars	Pension (Funded)	
	2019-20	2018-19
<b>Present Value of obligations at the beginning of the year</b>	<b>41.26</b>	<b>36.35</b>
Current service cost	0.69	0.78
Interest Cost	1.59	1.52
Re-measurement (gains)/losses:	-	-
- Actuarial gains and losses arising from experience adjustment	(0.54)	0.66
- Actuarial gains and losses arising from financial assumptions	4.34	0.87
Benefits paid	(1.22)	(1.13)
Foreign currency translation adjustment	4.03	2.21
<b>Present Value of obligations at the end of the year</b>	<b>50.15</b>	<b>41.26</b>
Changes in the fair value of planned assets		
Fair value of plan assets at beginning of year	25.86	22.89
Interest Income	0.99	0.96
Expected Return on plan assets	-	-
Contributions from the employer	2.78	2.36
Benefits Paid	(1.22)	(1.13)
Return on Plan Assets, Excluding Interest Income	(1.87)	(0.61)
Actuarial gain/ (loss) on plan assets	-	-
Foreign currency translation adjustment	2.38	1.39
<b>Fair Value of plan assets at the end of the year</b>	<b>28.92</b>	<b>25.86</b>
Amounts recognized in the Balance Sheet	(21.24)	(15.40)
Projected benefit obligation at the end of the year	(50.15)	(41.27)
Fair value of plan assets at end of the year	28.91	25.87
Funded status of the plans - Liability recognised in the balance sheet	(21.23)	(15.40)
Components of defined benefit cost recognised in profit or loss		
Current service cost	0.69	0.78
Net Interest Expense	0.60	0.56
Past service cost	-	-
<b>Net Cost in Profit or Loss</b>	<b>1.29</b>	<b>1.34</b>
Components of defined benefit cost recognised in Other Comprehensive income		
Remeasurement on the net defined benefit liability:		
- Actuarial gains and losses arising from experience adjustment	3.81	1.51
Return on plan assets	1.87	0.61
<b>Net Income / (Cost) in Other Comprehensive Income</b>	<b>5.68</b>	<b>2.11</b>
Assumptions	As at March 31, 2020	As at March 31, 2019
Expected Return on Plan Assets	3.05%	3.75%
Discount rate	3.05%	3.75%
Expected rate of salary increases		
Executives Managers & Below / Senior Manager & Above	0.00%	0.00%
Operators	0.00%	0.00%
Expected rate of attrition		
Executives and Staff		
Operators		
Average age of members		
Average remaining working life		
Rate of Employee Turnover	90% of 2003 SoA SPAT Table	90% of 2003 SoA SPAT Table

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Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020) has generally invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

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

Sensitivity Analysis	As at March 31, 2020	As at March 31, 2019
<b>Projected Benefit Obligation on Current Assumptions</b>	<b>50.15</b>	<b>41.27</b>
Delta Effect of +0.5% Change in Rate of Discounting	(3.84)	(2.96)
Delta Effect of -0.5% Change in Rate of Discounting	3.87	3.10

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

**36 Earnings per Share:**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Basic Earnings per share</b>		
From continuing operations (in ₹)	(37.95)	2.07
<b>Diluted Earnings per share</b>		
From continuing operations (in ₹)	(36.49)	2.07
<b>Basic Earnings per share</b>		

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

₹ in Crores

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) for the year	(45.51)	2.42
Earnings used in the calculation of basic earnings per share	(45.51)	2.42

In Nos.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Number of equity Shares of ₹ 10 each outstanding at the end of the year	1,25,53,891	1,19,73,171
(b) Weighted Average number of Equity Shares for the purpose of basic earnings per share	1,19,92,211	1,16,98,949

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

### Diluted Earnings per share

The earnings used in the calculation of diluted earnings per share is as follows.

Particulars	₹ in Crores	Year ended March 31, 2020	Year ended March 31, 2019
Earnings used in the calculation of basic earnings per share	(45.51)	2.42	
Earnings used in the calculation of diluted earnings per share	(45.51)	2.42	

The weighted average number of equity shares for the purposes of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	In Nos.	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of equity shares used in the calculation of basic earnings per share	1,19,92,211	1,16,98,949	
Convertible warrants	11,61,440	-	
Weighted average number of equity shares used in the calculation of diluted earnings per share	1,24,72,971	1,16,98,949	

### 37 Leases

#### A. Break-up of current and non-current lease liabilities:

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	As at March 31, 2020
Current lease liabilities	1.19
Non-current lease liabilities	3.61
Total	4.80

#### B. Movement in Lease liabilities:

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	As at March 31, 2020
Balance as on April 1, 2019	1.36
Recognition of lease liability on account of transition to IndAS 116	
Reclassified on account of adoption of IND AS 116	-
Additions	5.89
Finance costs accrued during the period	0.46
Deletions	-
Payment of Lease liabilities	(3.02)
Effects of Foreign exchange	0.11
Balance as on March 31, 2020	4.80

#### C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2020
Less than one year	1.27
One to five years	2.19
More than five years	5.49
Total	8.95

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

- D. The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.

Particulars	Amount
Decrease in Property, Plant and equipment by	-
Increase in lease liability by	5.89
Increase in rights of use by	5.89
Increase/(Decrease) in Deferred tax assets by	-
Increase/(Decrease) in finance cost by	0.46
Increase/(Decrease) in depreciation by	2.71

- E. Amounts recognized in profit or loss

Particulars	Year ended March 31, 2020
Interest on lease liabilities	0.46
Variable lease payments not included in the lease payment liabilities	-
Income from sub-leasing right of use assets	-
Expenses relating to short- term leases	1.07
Expenses relating to leases of low- value assets,excluding short term leases of low value assets.	-

- F. Amounts recognized/disclosed in cash flow statement

Particulars	Year ended March 31, 2020
Total cash outflows for leases	3.02

**38 Contingent Liabilities, Guarantees and Commitment**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Contingent Liabilities</b>		
Claims against the Group not acknowledged as debt		
- Income Tax matters under appeal by the Group	15.74	18.34
- Central Excise, Service Tax and Sales tax matters under appeal by the Group	10.46	10.34
- Labour related matters under appeal by the Group	3.47	2.36
- Others- Customer claim disputed by the Group	120.66	110.69
<b>Others</b>		
-Income Tax matters under appeal by the Department	0.31	0.31
Future cash flows in respect of the above matters are determinable only on receipts of judgments/decisions pending at various authorities		
<b>Guarantees and Letter of credit</b>		
-Outstanding bank guarantees	4.40	2.38
-Letter of credit	0.46	4.59
<b>Commitments</b>		
-Estimated amount of contracts remaining to be executed on capital account and not provided for	26.26	21.31
<b>Total</b>	<b>181.76</b>	<b>170.32</b>

**39 Events after the reporting date**

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of investments, loans, intangible assets, trade receivables, inventories, and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

assets will be recovered. The impact of COVID-19 on the Group's financial statement may differ from that estimated as at the date of approval of these financial statements dependent on circumstances that evolve in the future.

### 40 Research and Development cost

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	3.34	2.91
Revenue expenditure		
i) Materials	0.55	0.35
ii) Employee benefits	6.14	4.03
iii) Professional fees	0.44	0.16
iv) Consumables	0.53	0.64
v) Travel expenses	0.78	0.57
vi) Others	1.24	1.24
<b>Total</b>	<b>13.03</b>	<b>9.90</b>

### 41. Details on derivative instruments

I. The following derivative positions are open as at March 31, 2020

(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.

Outstanding forward exchange contracts and option contracts entered into by the Group as on March 31, 2020

Currency	Buy/Sell	Amount ₹ in Crores	Cross Currency
USD	Sell	85.77	Rupees
Euro	Sell	26.19	Rupees
		(-)	Rupees

Note: Figures in brackets relate to the previous year

### 42 Interest in other entities

#### Subsidiaries

The Group's subsidiaries at March 31, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Particulars	Place of Business/ Country of Incorporation	Ownership Interest held by the group		Ownership interest held by non- controlling interests		Principal Activities
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
Rane (Madras) International Holdings B.V (RMIH)	Netherlands	100%	100%	0%	0%	Strategic overseas investment
Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020)	USA	100%	100%	0%	0%	Manufacture of High pressure aluminium die casting

**Notes forming part of the Consolidated financial statements**

as at and for the year ended March 31, 2020

(All amounts are in Crores in INR unless otherwise stated)

**43 Additional Information required by Schedule III**

Name of the entity in the Group	Net Assets (total assets minus total liabilities)		Share in Profit or (Loss)		Share in other comprehensive income	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated other comprehensive income	Amount
<b>Parent</b>						
Rane (Madras) Limited						
March 31, 2020	164%	300.93	54%	(24.43)	23%	(4.41)
March 31, 2019	135%	311.27	1952%	47.24	166%	(1.14)
<b>Subsidiaries</b>						
Rane (Madras) International Holdings B.V (RMIH)						
March 31, 2020	-35%	(63.68)	106%	(48.11)	51%	(9.91)
March 31, 2019	-2%	(5.66)	-322%	(7.80)	-77%	0.53
Rane Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 04, 2020)						
March 31, 2020	11%	20.95	111%	(50.32)	26%	(4.99)
March 31, 2019	-3%	(5.76)	-1512%	(36.58)	11%	(0.08)
<b>Consolidation adjustments</b>						
March 31, 2020	-40%	(74.33)	-170%	77.35	0%	-
March 31, 2019	-30%	(69.67)	-18%	(0.44)	0%	-
<b>Total</b>						
March 31, 2020	100%	183.86	100%	(45.51)	100%	(19.32)
March 31, 2019	100%	230.18	100%	2.42	100%	(0.69)

**44 Approval of financial statements**

The financial statements were approved for issue by the Board of Directors on June 18, 2020.

# FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

## Statement containing salient features of the financial statement of subsidiaries

('₹ in Crores'  
USD in Lakhs  
EUR in Lakhs )

S.No	Particulars	1	2
1	Name of the subsidiary	Rane (Madras) International Holdings, B.V., The Netherlands	Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc (RPDC))
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No	No
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	EUR	USD
4	Share capital	1EUR= Rs 83.16	1USD= Rs 75.41
5	Reserves & surplus	EUR INR	USD INR
6	Total assets	0.20 0.15	0.00 0.00
7	Total Liabilities	(76.76) (63.83)	27.78 20.95
8	Investments	133.85 111.31	228.95 172.65
9	Turnover (including other Income)	210.43 174.99	201.17 151.70
10	Profit before taxation	132.44 110.14	- -
11	Provision for taxation	- -	248.96 176.46
12	Profit after taxation	(61.07) (48.11)	(70.99) (50.32)
13	Proposed Dividend	(61.07) (48.11)	(70.99) (50.32)
14	% of shareholding	100% 100%	100% 100%

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ananthi Amarnath**  
Partner

Chennai  
June 18, 2020

**Ganesh Lakshminarayana**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

Chennai  
June 18, 2020

For and on behalf of the Board

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**Subha Shree Sridharan**  
Company Secretary



**Rane (Madras) Limited**

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