

# **Rane (Madras) Limited**

17<sup>th</sup> Annual Report 2020-21

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# FINANCIAL HIGHLIGHTS

## KEY PERFORMANCE HIGHLIGHTS

(₹ in Crores)											
Particulars	FY 21	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11
Total Income (*)	1151.05	1,119.23	1,380.83	1,219.60	992.62	862.49	779.97	727.51	641.36	673.11	585.46
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	30.72	60.92	151.75	139.49	99.38	79.70	69.67	69.16	57.84	62.98	50.39
Profit Before Tax (PBT)	(45.04)	(23.45)	70.37	60.18	26.29	18.66	16.84	19.68	30.06	37.17	30.83
Profit After Tax (PAT)	(50.69)	(24.43)	47.25	41.81	20.67	14.09	12.44	16.78	23.42	27.40	24.57
Return on Capital Employed (RoCE) %	(3.4%)	1.3%	16.8%	17.8%	11.9%	9.9%	10.6%	15.8%	17.3%	23.7%	26.9%
Return on Net Worth (RoNW) %	(16.6%)	(8.0%)	16.4%	19.1%	13%	9%	9%	12%	19%	26%	27%
Earnings Per Share (₹)	(39.51)	(20.37)	40.38	37.61	19.66	12.77	11.20	15.35	23.04	26.95	24.18
Dividend (%) (@)	-	-	85.00%	120.00%	60.00%	45.00%	45.00%	55.00%	70.00%	95.00%	70.00%
Dividend Payout ratio (@)	-	-	25.97%	40.13%	37%	40%	46%	40%	35%	41%	34%
Book Value Per Share (₹)	211.65	239.71	259.97	229.53	162.65	144.98	138.43	133.41	127.97	113.20	96.99

(\*) Total Income are net of excise duty

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

## BALANCE SHEET HIGHLIGHTS\*\*

(₹ in Crores)											
FINANCIAL YEAR	FY 21	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11
Equity Share Capital	14.57	12.55	11.97	11.61	10.51	10.51	10.51	10.51	10.16	10.16	10.16
Shareholders' funds	308.27	300.93	311.27	266.43	170.95	160.02	153.73	148.45	130.07	115.06	98.58
Non current Liabilities	113.95	155.42	129.53	130.37	140.05	139.67	62.97	49.90	40.79	50.19	47.61
Current Liabilities	523.81	409.75	429.58	414.44	379.53	312.66	317.33	256.27	190.23	175.78	131.65
Non current assets	530.07	530.02	450.69	406.07	389.51	343.46	300.59	245.12	179.09	165.52	124.41
Current assets	415.96	336.05	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

### 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.

## CORPORATE INFORMATION

### Board of Directors

L Ganesh, Chairman  
Harish Lakshman, Vice Chairman  
Anita Ramachandran  
L Lakshman  
M Lakshminarayan  
Pradip Kumar Bishnoi

### Audit Committee

Pradip Kumar Bishnoi, Chairman  
Anita Ramachandran  
L Lakshman  
M Lakshminarayan

### Stakeholders' Relationship Committee

L Lakshman, Chairman  
Harish Lakshman  
Pradip Kumar Bishnoi

### Nomination and Remuneration Committee

M Lakshminarayan, Chairman  
Anita Ramachandran  
L Ganesh  
L Lakshman

### Corporate Social Responsibility Committee

L Lakshman, Chairman  
Anita Ramachandran  
L Ganesh

### Risk Management Committee

L Ganesh, Chairman  
Harish Lakshman  
Pradip Kumar Bishnoi  
Gowri Kailasam, President & Manager  
D Sundar, President

### Presidents

Gowri Kailasam  
President- Steering & Linkage Division & Manager  
D Sundar  
President- Light Metal Castings Division  
T Giriprasad  
President- Rane Aftermarkets Business Division

### Senior Vice President - Finance & Chief Financial Officer

B Gnanasambandam

### Company Secretary

S Subha Shree

### Listing of Shares on

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

### Statutory Auditors

M/s. BSR & Co. LLP  
Chartered Accountants,  
KRM Tower, First & Second Floor,  
No.1, Harrington Road,  
Chetpet, Chennai - 600 031

### Secretarial Auditors

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

### Bankers

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  
Standard Chartered Bank  
Chennai - 600 001

### Registered Office

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

### Head Office

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

### Plants

- 79/84, Hootagally Industrial Area,  
Mysuru - 570 018, Karnataka
- 77, Thirubuvanai Main Road,  
Thirubuvanai Village,  
Puducherry - 605 107
- Ambakkam, Varanavasi Village,  
Varanavasi Post,  
Kancheepuram - 631 604,  
Tamil Nadu
- Plot No. 27, Sector 11,  
Integral Industrial Estate,  
Pant Nagar,  
Uttarakhand - 263 153
- 143/A, SV Co-op Industrial Estate,  
IDA Bollaram,  
Medak District - 502 325,  
Telangana
- Survey No. 789/AA, 781, 781/AA,  
790/A & 779 Sadasivpet  
Municipal Limits,  
Sadasivpet 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  
Ph : +91-44-28140801-03;  
Fax : +91-44-28142479  
E-mail : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)  
Website : [www.integratedindia.in](http://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 **Seventeenth (17<sup>th</sup>) Annual General Meeting of Rane (Madras) Limited** will be held on, **Tuesday, July 20, 2021 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, 2021, 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, 2021 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, 2021 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. Harish Lakshman (DIN: 00012602), who retires by rotation and being eligible, offers himself for re-appointment

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

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

### SPECIAL BUSINESS:

3. 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 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 remuneration payable by way of Commission not exceeding 2% of the net profits to Mr. Ganesh Lakshminarayan, (DIN:00012583) Chairman, for the financial year ended March 31, 2021, exceeding 50% (fifty percent) of the total annual remuneration paid/payable to all the Non-Executive Directors of the Company for the said financial year ended March 31, 2021.

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. Ganesh Lakshminarayan, in such proportion and in such manner as may be necessary, proper and expedient to give effect to approval(s) accorded by the members."

4. To approve payment of commission to Mr. Ganesh Lakshminarayan (DIN: 00012583), Chairman and Non-Executive Director for a period of three years

To consider passing the following resolution as a **special resolution**:

"Resolved that pursuant to the provisions of Section 197, 198 and other applicable provisions of the Companies Act, 2013 (the 'Act'), the rules made thereunder read with Schedule V to the Act and such other approvals, permissions and sanctions, as may be required, approval of the Company be and is hereby accorded for payment of remuneration by way of commission to Mr. Ganesh Lakshminarayan (DIN: 00012583), Chairman, not exceeding two percent (2%) of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, for a period of three financial years from April 1, 2021 to March 31, 2024.

Resolved further that in the event of there being inadequacy or absence of profits in any financial years, he will be paid ₹71,00,000 in terms of PART II of Schedule V to the Companies Act, 2013 including any amendments thereto or such other limits as may be prescribed from time to time as minimum remuneration.

Resolved further that 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 by way of Commission not exceeding 2% of the net profits to Mr. Ganesh Lakshminarayan, Chairman, for the financial year ending March 31, 2022, exceeding 50% (fifty percent) of the total annual remuneration payable to all the Non-Executive Directors of the Company for the said financial year ending on March 31, 2022.

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

**5. To re-appoint Mr. Pradip Kumar Bishnoi (DIN: 00732640) as an Independent Director for a second term.**

To consider passing the following resolution as a **special resolution**:

"Resolved that pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and such other applicable provisions of the Companies Act 2013 and applicable rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Pradip Kumar Bishnoi (DIN: 00732640) who was appointed as an Independent Director and who holds office upto the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from July 20, 2021, upto July 19, 2026."

**6. To appoint Mr. S Sandilya (DIN: 00037542) as an Independent Director**

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

"Resolved that pursuant to Sections 149, 150, 152 read with Schedule IV and such other applicable provisions of the Companies Act, 2013 (the "Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. S Sandilya (DIN: 00037542), who was appointed as an Additional Director of the Company, in the category of Independent Director by the Board of Directors with effect from May 21, 2021, pursuant to Section 161 of the Act and the Articles of Association of the Company, in the category of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a consecutive period of two years i.e. with effect from May 21, 2021 up to May 20, 2023."

**7. To appoint Mr. Ramesh Rajan Natarajan (DIN: 01628318) as an Independent Director**

To consider passing the following resolution as an

**ordinary resolution:**

"Resolved that pursuant to Sections 149, 150, 152 read with Schedule IV and such other applicable provisions of the Companies Act, 2013 (the "Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Ramesh Rajan Natarajan (DIN: 01628318), who was appointed as an Additional Director of the Company, in the category of Independent Director, by the Board of Directors with effect from May 21, 2021, pursuant to Section 161 of the Act and the Articles of Association of the Company, in the category of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a consecutive period of five years i.e. with effect from May 21, 2021 up to May 20, 2026."

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

Chennai  
May 21, 2021

**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 January 13, 2021 (read with previous circulars) in this regard and Securities and Exchange Board of India ("SEBI") vide circular dated January 15, 2021 (read with previous circulars) in this regard 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 deemed venue for the 17<sup>th</sup> AGM shall be the Registered Office of the Company. 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 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. **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 send their authorised representatives to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting are requested to send to the Company a certified copy of the board resolution authorising their representative to the registered email address of the Company i.e., [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com).
5. The cut-off date for the purpose of determining eligibility of members for voting in connection with the Seventeenth AGM has been fixed as **Tuesday, July 13, 2021**.
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 Seventeenth AGM and the annual report 2021 will be available in the Investors Section on the Company's website [www.ranegroup.com](http://www.ranegroup.com).
8. Listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the shareholders, in terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Accordingly, shareholders holding securities in demat mode are requested to update their bank details with their depository participants. Shareholders holding securities in physical form may send a request updating their bank details to the company's Registrar and Transfer Agent.
9. Members holding shares in dematerialized form are requested to notify any change in their addresses, bank details or e-mail address with their respective DP and those holding shares in physical form are requested to notify the RTA at the following address:

**M/s. Integrated Registry Management Services  
Private Limited**

SEBI Registration No. INR000000544  
2nd Floor, "Kences Towers", No.1, Ramakrishna Street,  
North Usman Road, T Nagar, Chennai - 600 017  
e-mail ID: [corpser@integratedindia.in](mailto:corpser@integratedindia.in)  
Phone: 044 2814 0801-803;

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities

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

11. Effective April 1, 2019, SEBI has disallowed listed companies from accepting requests for transfer of securities held in physical form, by amending the SEBI LODR. Members 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 aforementioned MCA Circulars and SEBI Circular dated January 13, 2021 & 15, 2021 (read with previous circulars), Notice of the AGM along with the Annual Report 2021 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 2021 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 [www.evotingindia.com](http://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 36(3) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) with respect of the Directors seeking appointment / re-appointment, as the case may be, at the AGM are furnished in the Annexure to this Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
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 the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services.

- i. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") and voting at the AGM 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.
- iii. The 'remote e-voting' period commences on **Saturday, July 17, 2021 (09:00hrs)** and ends on **Monday, July 19, 2021 (17:00hrs)**. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Tuesday, July 13, 2021**, 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 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., **Tuesday, July 13, 2021**.

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. Tuesday, July 13, 2021, may obtain

the login ID and password by sending a request to the Company / RTA.

- v. Mr. C Ramasubramaniam, Practicing Company Secretary (ICSI Membership no. FCS 6125), 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](http://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 of Shareholders for Remote e-Voting are as Under:

- (i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (ii) In order to encourage public/ non-institutional/retail shareholders SEBI has vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-voting facility provided by listed companies, enabled Individual shareholders holding securities in demat mode to vote through their demat account maintained with their respective Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/ NSDL** is given below:

CDSL	NSDL
<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> </ol>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

CDSL	NSDL
<p>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>	<p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

#### Individual Shareholders (holding securities in demat mode) login through their Depository Participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

(iv) Login method for e-Voting and joining virtual meeting

for shareholders other than individual shareholders holding in Demat form & physical shareholders.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now 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 should enter Folio Number registered with the Company
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>

	For Shareholders holding shares in Demat Form other than individual and Physical Form
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 company on which they are eligible to vote, provided that company 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.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on 'EVSN' for RANE (MADRAS) LIMITED.
- (ix) 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 option NO implies that you dissent to the Resolution.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xi) After selecting the resolution, 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.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xiv) 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.

(xv) **Additional facility for Non - Individual Shareholders and Custodians -Remote Voting**

- 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 viz; [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.

**Instructions for shareholders attending the AGM through VC/OAVM & e-voting during meeting are as under:**

- The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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.

7. 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 12, 2021 (09:00 hrs IST) to July 16, 2021 (17:00 hrs IST). The shareholders who do not wish to speak during the AGM but have queries may send their queries in above mentioned time period mentioning their name, demat account number/folio number, email id, mobile number at [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are 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 available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**Process for those shareholders whose E-mail / mobile no. are not registered with the Company/depositories**

1. For Physical shareholders- please provide necessary details like 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 Email ID [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com) or to RTA email ID [srirams@integratedindia.in](mailto:srirams@integratedindia.in).
2. For Demat shareholders - Please update your email ID & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh

Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

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

Chennai  
May 21, 2021

**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**

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. This 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) as amended by SEBI LODR (Amendment) Regulations, 2018, effective from April 1, 2019, approval of shareholders by way of special resolution is required to be obtained every year in when the 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, 2021, Mr. L Ganesh is entitled to receive a commission of ₹38,94,127/-, 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.3 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. 3 of this notice as a **special resolution**.

#### Item No. 4

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

Mr. L Ganesh is a Chartered Accountant and also holds an MBA from the Pennsylvania State University, USA. He has over 45 years of industrial experience in overall management of the companies.

He has held several positions of high responsibilities with various industry forums and had been the President of Automotive Component Manufacturers Association of India and Chairman of Confederation of Indian Industry, Southern Region. He is an Honorary Consul for New Zealand in South India.

The Board of Directors after considering his qualification, experience, expertise and taking into consideration the recommendations of Nomination and Remuneration Committee, has approved payment of commission to Mr. L Ganesh for a period of 3 years with effect from April 01, 2021 to March 31, 2024

Approval of the shareholders is also being sought under Regulation 17(6)(ca) of SEBI LODR as the annual remuneration

payable to Mr. L Ganesh, together with sitting fees which is likely to exceed 50% (fifty percent) of the total annual remuneration payable to all the Non-Executive Directors of the Company during the financial year ending March 31, 2022.

Details as required under the Schedule V to the Companies Act, 2013:

#### I. General information:

The Company is the leading auto component group based out of Chennai. RML has two divisions 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, 2021 is given below:

Particulars for 2020-21	₹ In Crores
Sales & Operating Revenue	1147.15
Profit Before Tax	(45.04)
Provision for Tax (net tax expense)	5.65
Profit After Tax	(50.69)

#### (ii) Information about the appointee:

<b>Name of the Director</b>	<b>Mr. Ganesh Lakshminarayan</b>
<b>DIN</b>	00012583
<b>Father's Name</b>	Mr. L L Narayan
<b>Date of Birth</b>	March 18, 1954
<b>Educational Qualifications</b>	B.Com., ACA, MBA
<b>Date of Appointment</b>	June 18, 2007
<b>Experience</b>	Mr. L Ganesh is a Chartered Accountant and also holds a MBA from the Pennsylvania State University, USA. He has over 45 years of industrial experience in and overall management of the companies. He has held several positions of high responsibilities with various industry forums and had been the President of Automotive Component Manufacturers Association of India and Chairman of Confederation of Indian Industry, Southern Region. He is an Honorary Consul for New Zealand in South India.
<b>Past Remuneration</b>	Remuneration for FY 2019-20 was ₹29,70,538/-. Remuneration of ₹38,94,127/- for FY 2020-21 is subject to approval of the members at this 17 <sup>th</sup> AGM vide item no. 3 of this notice.
<b>Recognition / Awards</b>	Mr. L Ganesh, has served as President of Automotive Components Manufacturers Association & Madras Management Association and Southern Regional Chairman of Confederation of Indian Industries (CII).
<b>Job Profile and his suitability</b>	Overall management of Rane Group. Given his qualification and experience, Mr. L Ganesh is considered well suited for the position.
<b>Remuneration Proposed</b>	Commission not exceeding 2% of the net profits of the Company subject to a minimum remuneration of ₹71,00,000/- in the event of loss or inadequacy of profits in any financial years. The proposed remuneration is commensurate with the responsibilities and is in line with the remuneration practices in the auto component industry.

<b>Name of the Director</b>	<b>Mr. Ganesh Lakshminarayan</b>
<b>Comparative remuneration profile with respect to the industry</b>	The proposed remuneration package is in line with the prevailing remuneration package in the industry, size of the Company and profile of the position.
<b>Pecuniary Relationship and relationship with the managerial personnel</b>	Apart from receiving remuneration including sitting fees and corporate benefits as a shareholder of the Company, he has no other pecuniary relationship.  Mr. L Ganesh is not related to any other managerial personnel of the Company.
<b>Other Directorships</b>	<b>Chairman</b> Rane Brake Lining Limited Rane Engine Valve Limited Rane Holdings Limited (MD) Rane TRW Steering Systems Private Limited Rane NSK Steering Systems Private Limited Chennai Willingdon Corporate Foundation Chennai Heritage Foundation  <b>Independent Director</b> EIH Limited EIH Associated Hotels Limited Sundaram Finance Limited
<b>Committee Memberships</b>	<b>Member - Audit Committee</b> Rane Brake Lining Limited Rane Holdings Limited EIH Associated Hotels Limited EIH Limited  <b>Chairman- Audit Committee</b> Rane TRW Steering Systems Private Limited Rane NSK Steering Systems Private Limited  <b>Member - Stakeholders' Relationship Committee</b> Rane Engine Valve Limited Rane Holdings Limited Rane Brake Lining Limited  <b>Member - Nomination and Remuneration Committee</b> Rane Brake Lining Limited  <b>Chairman- Nomination and Remuneration Committee</b> EIH Limited  <b>Member -Corporate Social Responsibility Committee</b> Rane Holdings Limited Rane Engine Valve Limited Rane Brake Lining Limited Rane TRW Steering Systems Private Limited Rane NSK Steering Systems Private Limited  <b>Member - Risk Management Committee</b> EIH Limited

(iii) **Other Information:**

**Reasons for loss or inadequacy of profits - Covid-19** has impacted capacity utilisation. The lower demand, increase inputs cost, delay in economic recovery coupled with impairment of investments in subsidiaries has impacted the company.

**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 is diversifying its portfolio by pursuing both new OEMs and new product segments.

**Other information:** Pursuant to Companies (Amendment) Act, 2020 effective from March 18,

2021, the minimum remuneration proposed to be paid to Mr. L Ganesh, in the event of there being loss or inadequacy of profits, under Schedule V has been fixed on the basis of the average commission paid to him during the last three financial years.

**(iv) Other Disclosures:**

The Company has not made any default in repayment of its debt or interest payable thereon during the preceding financial year 2020-21. Mr. L Ganesh satisfies the conditions laid down in Schedule V to the Companies Act, 2013. He holds 839 equity shares of the Company (including joint holdings).

Mr. L Ganesh is interested in the resolution as it relates to his own remuneration. 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 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**

Mr. Pradip Kumar Bishnoi joined the Board of your Company on October 24, 2016 and was appointed by the shareholders as an Independent Director in first term for a period of five years commencing with effect from October 24, 2016 till the conclusion of this Seventeenth AGM. It is proposed to re-appoint him as an Independent Director in second term for a period of five years from conclusion of the ensuing 17<sup>th</sup> AGM till conclusion of the 22<sup>nd</sup> AGM or July 19, 2026, whichever is earlier.

Mr. Pradip Kumar Bishnoi holds MBA from Indian Institute of Management, Ahmedabad and has several years of experience.

He was the former Member of Petroleum & Natural Gas Regulatory Board. He also currently serves as an Independent Director on the Board of Avadh Sugar and Energy Limited. He has over 42 years of experience and insights into the industries of steel, natural gas, industrial packaging, lubricants, etc.

In compliance with Schedule IV of the Act, the Board has evaluated performance of the director in terms of broad parameters like attendance and participation in meetings, sharing of relevant domain experience, networking in other forums, strategic inputs and demonstration towards governance compliances.

Based on the evaluation of directors carried out during his first term as an Independent Director, the Nomination and Remuneration Committee (NRC) of the Board has recommended the re-appointment of Mr. Pradip Kumar Bishnoi, being eligible, as an Independent Director for a second term of five consecutive years i.e. with effect from July 20, 2021 upto July 19, 2026.

Mr. Pradip Kumar Bishnoi is not disqualified from being re-appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Pradip Kumar Bishnoi that he meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Act and regulations of SEBI LODR, has registered with the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) and is exempted from the requisite proficiency test.

Taking into consideration the knowledge, rich experience, contributions in the meetings as a member of the Board / committees thereof and fulfilment of the conditions for re-appointment as an independent director as specified in the Act and SEBI LODR, the Board of Directors recommends that the continuance of Mr. Pradip Kumar Bishnoi would be beneficial to the Company.

Other information relating to his re-appointment in accordance with Secretarial Standard - SS-2 and Regulation 36(3) of SEBI LODR is annexed to the Notice. Copy of the draft letter of re-appointment of Mr. Pradip Kumar Bishnoi as an Independent Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

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

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

**Item No. 6**

The Board of Directors had based on recommendations of the NRC of the Board appointed Mr. S Sandilya (DIN: 00037542) as an Additional Director (Independent category) pursuant to Sections 149, 150, 152 and 161 read with other relevant provisions of the Companies Act, 2013 (the 'Act'), effective from May 21, 2021, upto the date of the ensuing Seventeenth Annual General Meeting.

Mr. S Sandilya holds an MBA Degree from Indian Institute of Management, Ahmedabad. He was associated with the Eicher Group, Union Carbide India Limited, Delhi Cloth & General Mills Limited. Mr. S Sandilya also currently serves as an Independent Director on the Board of Rane Brake Lining Limited.

Considering his rich knowledge, experience and fulfilment of the various criteria for appointment as an Independent Director as specified in the Act, SEBI LODR, policies of the Company and based on the recommendations of the NRC, the Board of Directors recommends to the members that the appointment of Mr. S Sandilya would be beneficial to the Company.

Mr. S Sandilya is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from him that he meets with the criteria of independence as prescribed both under Section 149(6) of

the Act and regulations of SEBI LODR, has registered with the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) and is exempted from the requisite proficiency test. It is proposed to appoint him as an Independent Director, not liable to retire by rotation, to hold office for a term of 2 years from May 21, 2021 to May 20, 2023.

In the opinion of Board, Mr. S Sandilya fulfils the conditions for appointment as an Independent Director as specified in the relevant provisions of the Act and he is independent of management of the Company.

Other information relating to his appointment in accordance with Secretarial Standard - SS-2 and Regulation 26(4) and 36(3) of SEBI LODR is annexed to the Notice.

The terms and conditions of appointment as an Independent Director is available for inspection by members at the registered office of the Company during the working hours up to the date of AGM and also on the investor section of website of the Company [www.ranegroup.com](http://www.ranegroup.com).

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

The Board recommends passing the resolution as set out at item no.6 of this notice as an **ordinary resolution**.

#### Item No. 7

The Board of Directors had based on recommendations of the NRC of the Board appointed Mr. Ramesh Rajan Natarajan (DIN: 01628318) as an Additional Director (Independent category) pursuant to Sections 149, 150, 152 and 161 read with other relevant provisions of the Companies Act, 2013 (the 'Act'), effective from May 21, 2021. Mr. Ramesh Rajan Natarajan holds office upto the date of the ensuing 17<sup>th</sup> AGM, and it is proposed to appoint him as an Independent Director, not liable to retire by rotation, to hold office for a term of 5 years from May 21, 2021 to May 20, 2026.

Mr. Ramesh Rajan Natarajan is a Fellow member of the Institute of Chartered Accountants of India. He was the Executive Director / Partner for Global Assurance of PwC International and is the Founder and Senior Partner of LeapRidge Advisors LLP.

Considering his rich knowledge, experience and fulfilment of the various criteria for appointment as an Independent

Director as specified in the Act, SEBI LODR, policies of the Company and based on the recommendations of the NRC, the Board of Directors recommends to the members that the appointment of Mr. Ramesh Rajan Natarajan would be beneficial to the Company.

Mr. Ramesh Rajan Natarajan is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from him that he meets with the criteria of independence as prescribed both under Section 149(6) of the Act and regulations of SEBI LODR.

In the opinion of Board, Mr. Ramesh Rajan Natarajan fulfils the conditions for appointment as an Independent Director as specified in the relevant provisions of the Act and regulations of SEBI LODR, has registered with the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) and is exempted from the requisite proficiency test.

Other information relating to his appointment in accordance with Secretarial Standard - SS-2 and Regulation 26(4) and 36(3) of SEBI LODR is annexed to the Notice.

The terms and conditions of appointment as an Independent Director is available for inspection by members at the registered office of the Company during the working hours up to the date of AGM and also on the investor section of website of the Company [www.ranegroup.com](http://www.ranegroup.com).

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

The Board recommends passing the resolution as set out at item no.7 of this notice as an **ordinary resolution**.

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

Chennai  
May 21, 2021

**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 May 21, 2021

Information about directors seeking re-appointment / appointment at the 17<sup>th</sup> Annual General Meeting in compliance with Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2).

Name of the Director	Mr. Harish Lakshman	Mr. Pradip Kumar Bishnoi
Age (in years)	47	69
Director Identification Number (DIN)	00012602	00732640
Father's Name	Mr. Lakshman Lakshminarayan	Mr. Om Prakash Bishnoi
Date of Birth	February 12, 1974	July 03, 1951
Educational Qualifications	B.E- BITS Pilani MSM- Purdue University, USA	Graduate in petroleum engineering MBA - IIM Ahmedabad
Experience	Mr. Harish Lakshman has over 25 years of experience and has held various positions in the areas of marketing, operations, business development overseas and other corporate functions. He currently spearheads the future growth plan of Rane Group.	Mr. Pradip Kumar Bishnoi has over 42 years of experience and insights into the industries of steel, natural gas, industrial packaging, lubricants, etc.
Date of first appointment on the board	March 31, 2004	October 24, 2016
Terms and Conditions of appointment	Re-appointment as Director liable to retire by rotation.	Proposed to be re-appointed as non-executive Independent Director per the resolution at item no. 5 of the Notice convening seventeenth Annual General Meeting on July 20, 2021 read with explanatory statement thereto.
Last drawn remuneration	Sitting fee for FY 2020-21 : ₹40,000	Sitting fee for FY 2020-21 : ₹40,000
Remuneration sought to be paid	No approval sought for payment of remuneration.	No approval sought for remuneration. Continues to be entitled to Sitting fee for attending meetings of the Board and Committees thereof.
Relationship with other Directors/Manager/KMP	Son of Mr. L Lakshman, Director.	-
Other Directorships	<b>Chairman:</b> Rane t4u Private Limited <b>Vice Chairman:</b> Rane Engine Valve Limited Rane Holdings Limited (JMD) <b>Director:</b> Rane Brake Lining Limited Rane TRW Steering Systems Private Limited (MD) Rane NSK Steering Systems Private Limited Oriental Hotels Limited Young President Organisation (Chennai Chapter) Savithur Enterprises Private Limited HL Hill Station Properties Private Limited Rane Holdings America Inc., USA Rane Light Metal Casting Inc., USA	<b>Director:</b> Avadh Sugar and Energy Limited Rane Holdings Limited
Committee Memberships in other Boards	<b>Chairman- Stakeholders' Relationship</b> Rane Brake Lining Limited	<b>Member - Audit</b> Avadh Sugar and Energy Limited <b>Member - Corporate Social Responsibility</b> Avadh Sugar and Energy Limited <b>Member - Stakeholders' Relationship</b> Avadh Sugar and Energy Limited <b>Member - Nomination and Remuneration</b> Rane Holdings Limited <b>Chairman- Risk Management Committee</b> Avadh Sugar and Energy Limited
Number of meetings of the Board attended during the year	6	6
Number of equity shares held including joint holdings*	750	Nil

\* No shares are held as beneficial owners in the Company by the appointees.

Name of the Director	Mr. S Sandilya	Mr. Ramesh Rajan Natarajan
Age (in years)	73	63
Director Identification Number (DIN)	00037542	01628318
Father's Name	Mr. Subramanian Srinivasan	Late Mr. Justice Natarajan Sivasankar
Date of Birth	April 11, 1948	July 05, 1957
Educational Qualifications	B.Com- Madras University MBA- IIM Ahmedabad	B.Com- Madras University FCA
Experience	Mr. S Sandilya holds an MBA Degree from Indian Institute of Management, Ahmedabad. He was associated with the Eicher Group, Union Carbide India Limited, Delhi Cloth & General Mills Limited. Mr. S Sandilya also currently serves as an Independent Director of Rane Brake Lining Limited.	Mr. Ramesh Rajan Natarajan is a Fellow member of the Institute of Chartered Accountants of India. He was the Executive Director / Partner for Global Assurance of PwC International and is the Founder and Senior Partner of LeapRidge Advisors LLP.
Date of first appointment on the board	May 21, 2021	May 21, 2021
Terms and Conditions of appointment	Proposed to be appointed as non-executive Independent Director per the resolution at item no. 6 of the Notice convening seventeenth Annual General Meeting on July 20, 2021 read with explanatory statement thereto	Proposed to be appointed as non-executive Independent Director per the resolution at item no. 7 of the Notice convening seventeenth Annual General Meeting on July 20, 2021 read with explanatory statement thereto
Last drawn remuneration	NA	NA
Remuneration sought to be paid	No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees thereof.	No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees thereof.
Relationship with other Directors/Manager/KMP	-	-
Other Directorships	<b>Chairman:</b> Eicher Motors Limited Mastek Limited  <b>Director:</b> Evolutionary Systems Private Limited GMR Infrastructure Limited Lean Management Institute of India Mastek (UK) Limited	<b>Chairman:</b> Indo National Limited  <b>Director:</b> TTK Healthcare Limited Cholamandalam Investment and Finance Company Limited Kinenco Limited  <b>Designated Partner:</b> Leapridge Advisors LLP

Name of the Director	Mr. S Sandilya	Mr. Ramesh Rajan Natarajan
Committee Memberships in other Boards	<b>Chairman- Audit</b> Rane Brake Lining Limited Eicher Motors Limited Mastek Limited Evolutionary Systems Private Limited <b>Chairman- Stakeholders' Relationship</b> Mastek Limited <b>Member- Stakeholders' Relationship</b> Eicher Motors Limited <b>Chairman- Nomination &amp; Remuneration</b> Rane Brake Lining Limited <b>Member - Nomination and Remuneration</b> Eicher Motors Limited Mastek Limited Evolutionary Systems Private Limited <b>Chairman- Corporate Social Responsibility</b> Eicher Motors Limited <b>Member- Risk Management</b> Eicher Motors Limited	<b>Member - Nomination and Remuneration</b> TTK Healthcare Limited Indo- National Limited <b>Chairman- Nomination and Remuneration</b> Cholamandalam Investment and Finance Limited <b>Chairman- Audit</b> Indo-National Limited Cholamandalam Investment and Finance Limited <b>Member- Audit</b> Kinenco Limited <b>Chairman- Stakeholders' Relationship</b> Indo- National Limited <b>Chairman- Risk Management</b> Indo- National Limited <b>Member- Risk Management</b> Cholamandalam Investment and Finance Limited <b>Chairman- Corporate Social Responsibility</b> Indo- National Limited
Number of meetings of the Board attended during the year	NA	NA
Number of equity shares held including joint holdings*	Nil	Nil

\* No shares are held as beneficial owners in the Company by the appointees.

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

Chennai  
May 21, 2021

**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)

# REPORT OF THE BOARD OF DIRECTORS

Your Board of Directors hereby present to you the Seventeenth Annual Report covering the operational and financial performance together with the accounts for the year ended March 31, 2021 and other prescribed particulars:

## 1. State of Company's affairs

The impact of COVID-19 was felt throughout the Automotive sector of which the Company is part, in the Financial Year 2020-21. By the end of the first half of the fiscal, the economy and industry had re-started with the new normal in place. Post lifting of lockdown restrictions, the auto industry witnessed demand recovery led by pent-up demand coupled with other factors. The Company resumed operations across its facilities, in compliance with the guidelines issued by the Government. Adequate steps for safety and precautionary measures were taken across all its facilities and locations.

### 1.1. Financial Performance

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

(₹ in Crores)

Particulars	2020-21	2019-20
Revenue from Operations	1147.15	1100.52
Other Income	3.90	18.71
Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	93.22	98.50
Less: Depreciation / Amortisation	52.30	52.42
Profit / loss before Finance Costs, Exceptional items and Tax Expense	40.92	46.08
Less: Finance Costs	23.46	31.95
Profit / loss before Exceptional items and Tax Expense	17.46	14.13
Add / (less): Exceptional items	(62.50)	(37.58)
Profit / (loss) before Tax Expense	(45.04)	(23.45)
Less: Tax Expense (Current & Deferred)	5.65	0.98
Profit / (loss) for the year (1)	(50.69)	(24.43)
Total Comprehensive Income / loss (2)	3.03	(4.41)
<b>Total (1+2)</b>	<b>(47.66)</b>	<b>(28.84)</b>
Balance of profit / loss for earlier years	(13.78)	44.60
Less: Transfer to Reserves	-	25.83
Less: Dividend paid on Equity Shares	-	5.39
Less: Dividend Distribution Tax	-	1.11
Balance carried forward	(64.23)	(13.78)

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 ₹1123.20 crores, which is an increase of 4% over the previous year. The revenue from Steering and Linkage Division (SLD) products was ₹990.00 crores, an increase of 6% over the previous year. The revenue from Light Metal Castings India (LMCI) (formerly known as Die

The Company deftly navigated the post lockdown challenges in the recovery phase through several cost optimisation measures and capacity management. The Company was strongly positioned to make up for the weak H1 performance with a quick ramp up and increase in business share across customers. The Company is likely to benefit from the growth opportunities in the automotive industry and aided by the Government's Product Linked Incentive (PLI) and other stimulus programmes. However, the second wave of COVID-19 and resultant lockdowns negatively impacted the economic activities and the auto industry. Going forward, rollout of vaccines should lead to increased economic activity and increased mobility which should help in gradual and sustainable economic revival during Financial Year 2021-22.

Casting Division (DCD)) products was ₹80.00 crores, which is 12% decline over previous year. The auto parts division of the Company registered a turnover of ₹53.20 crores as against turnover of ₹45.35 crores recorded during previous year. The Company has netted a Profit After Tax (PAT) of ₹(50.69) crores, which is (4.5)% of the turnover. This resulted in an Earnings Per Share (EPS) of ₹(39.51) for FY 2020-21 as against ₹(24.37) in the previous year.

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

## 1.2. Appropriation

The Company has carried forward a loss of ₹64.23 crores and no amounts were transferred 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 during the year under review and this has been disclosed to stock exchanges and updated in the Company's website. 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 ₹14,56,53,090 as compared to ₹12,55,38,910 in the previous year. This increase was due to the following:

- a. allotment of 11,61,440 equity shares of ₹10/- each on conversion of balance 11,61,440 warrants out of the 17,42,160 warrants issued to Rane Holdings Limited (Promoter / Holding Company). The Company had previously issued and allotted 17,42,160 warrants convertible into equivalent number of equity shares within a period of 18 months from the date of allotment. The Company had previously on March 20, 2020 converted 5,80,720 equity shares. During the year, on January 05, 2021 RHL remitted a sum of ₹25 Crores and exercised their right to convert the balance 11,61,440 warrants. The Company converted the 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 on the equity shares on January 07, 2021.
- b. allotment of 8,49,978 equity shares of ₹10/- each on conversion of 8,49,978 warrants out of the 25,49,936 warrants issued to Rane Holdings Limited (Promoter / Holding Company), the details of which are discussed in the below paragraphs.

### 1.4.1. Convertible warrants

In order to pursue capital expenditure programs, meet working capital requirements of the Company and support the overseas subsidiaries, the Board considered it desirable to increase the equity capital base of the Company, which will also help the Company in reducing the debt position and achieve an optimum debt-equity ratio.

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 ₹60 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 further infuse funds upto ₹60 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 vide postal ballot on January 16, 2021 and RHL was issued and allotted 25,49,936 warrants at an issue price of ₹235.30 per warrant, entirely for cash, convertible into equity shares in or more tranches. On January 29, 2021, the Issue and Allotment Committee of the Board (IAC) had allotted 25,49,936 warrants to RHL convertible into equivalent number of equity shares within a period of 18 months from the date of allotment. On March 22, 2021, RHL infused a further sum of ₹15.00 crores and thus exercised conversion of 8,49,978 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 and shares were allotted on March 29, 2021.

Thus, the shareholding of RHL in the Company increased further by 1.95% to 68.47%. Pursuant to the above, the equity share capital of the Company stands at 14,56,53,090 comprising of 1,45,65,309 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 and risk management processes 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

Rane Light Metal Castings Inc., USA (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 20-21, LMCA earned revenue of ₹118.72 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, the Company, has till date invested upto Euro 23.804 million for making onward capital infusions in LMCA, to repay loan(s) availed from parent company, to the tune of USD 4.485 million along with interest and to meet its own administrative expenses and also subsequently invested Euro 1.193 Million on April 07, 2021 increasing the total amount invested to Euro 24.997 Million. The total equity investments in LMCA through RMIH as on March 31, 2021 stands at USD 26.86 million. Subsequently, the Company has further invested an amount of USD 1.4 million on April 07, 2021 increasing the capital to USD 28.26 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, 2021, the corporate guarantees represent a sum of USD 6.05 Million and USD 1.76 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, 2021, RMIH has paid the amount fully and there are no 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 subsidiary 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 the Company's subsidiary, joint venture or associate during the Financial Year 2020-21.

## 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 salient features of financial statements of the subsidiary companies are provided in Form AOC-1 forming part of this annual report in terms of the provisions of Section 129(3) of the Companies Act, 2013 ("Act"). The Company will make available a soft copy of the annual report and annual accounts of the subsidiary Companies to any member on request of the same in accordance with the provisions of Section 136 of the Act. Further, the annual financial statements of the subsidiary Companies have also been made available on the website of the Company at [www.ranegroup.com](http://www.ranegroup.com).

## 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, Corporate Social Responsibility Committee and Risk Management Committee are constituted 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 the composition of the Board of Directors of the Company and its Committees.

The following are the details of change in composition of the Board of Directors and its Committees:.

- Mr. Srinivasan Sandilya (DIN: 00037542) joined the Board of Directors as an Additional Director (Independent category) on May 21, 2021. His appointment as an Independent Director of the Company is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.
- Mr. Ramesh Rajan Natarajan (DIN:01628318) joined the Board of Directors as an Additional Director (Independent category) on May 21, 2021. His appointment as an Independent Director of the Company is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

- Mr. M Lakshminarayan (DIN: 00064750), Independent Director, retired as per the retirement policy of the Company, effective from conclusion of the Board meeting held on May 21, 2021. Consequently, he also ceases to be a member of the Audit Committee and Chairman of Nomination and Remuneration Committee. The Board places on record its appreciation for the valuable advice and guidance rendered by him during his tenure especially on various strategic matters.

The Board of Directors are of the opinion that the Director(s) proposed for appointment / re-appointment at the ensuing 17<sup>th</sup> AGM of the Company possess integrity, necessary expertise, relevant experience and proficiency and the Corporate Governance Report annexed to this report contains necessary disclosures regarding the Director(s).

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company and available at [http://ranegroup.com/rml\\_investors/terms-of-appointment-of-independent-directors/](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. Further, in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs (IICA) and have passed the proficiency test, if applicable to them. The Board of Directors at its first meeting of the FY 2020-21 has taken on record the declarations and confirmations submitted by the Independent Directors. During the year, the Board had not appointed any person as an Alternate Director for an Independent Director on the Board. The Company has obtained a certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

## 2.2. Retirement by rotation

Mr. Harish Lakshman, Director (DIN: 00012602) retires by rotation at the ensuing 17<sup>th</sup> Annual General Meeting (AGM) and being eligible, he offers himself for re-appointment. The proposal for re-appointment of Mr. Harish Lakshman as a Director is included in the notice convening the 17<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, six (6) 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 annexed to this report of the Board.

## 2.4. Meeting of Independent Directors

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

## 2.5. Board evaluation

The Board carried out an annual evaluation of its performance, its committees, individual directors, including the Chairman of the Board. This exercise was implemented through a structured questionnaire seeking qualitative inputs and comments on the Board and its committees including the Chairman, and Independent Directors. The performance evaluation of Chairman and Non-Independent Directors were also reviewed by Independent Directors at a separate meeting. The parameters considered various aspects of the Board's functioning, such as skill set and diversity of the Board to review strategy and risk management dimensions and processes, information flow on the state of affairs of the company, talent management, human capital challenges, effectiveness of presentations, priorities accorded by the board particularly to cyber security and the effectiveness of the board's processes of reviewing annual operating and strategic business plans.

Peer assessments of directors based on parameters such as contribution to the Board decisions and discussions, staying updated on recent trends, awareness on macro level developments and networking engagements, was reviewed by the Board for individual feedback. The performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes commitment, competency, sector knowledge, networking and engagement.

The Company actioned on the feedback from the Board evaluation process. Agenda was reorganised to allow longer time for discussion on strategy and business matters, streamlining of content for board's deliberation on matters of relevance, like Information Security Management System in the wake of remote working scenario due to the COVID-19 pandemic.

## 2.6. Familiarisation program for Independent Directors

The details of familiarization programmes for 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

As at the year ended March 31, 2021, Ms. Gowri Kailasam, President - SLD & Manager, Mr. B Gnanasambandam, Chief Financial Officer (CFO) and Ms. S Subha Shree, Company 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 at [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/). There has been no change in this policy during the financial year 2020-21.

Pursuant to the approval accorded by the shareholders at the 16<sup>th</sup> AGM held on August 07, 2020, Mr. L Ganesh, Chairman (Non-Executive) has been receiving commission up to 2% of the net profits of the Company for a period commencing from April 01, 2018. The NRC at its meeting held on May 14, 2021 has recommended payment of ₹38,94,127/- as commission for the financial year 2020-21 to Mr. L Ganesh, Chairman.

Based on the recommendations of the NRC, the Board of Directors have proposed payment of commission of up to 2% of net profits for a further period of three years commencing from April 01, 2021, in accordance with Section 197, 198 and other applicable provisions of the Companies Act 2013, subject to the approval of the shareholders at the ensuing 17<sup>th</sup> AGM 2021.

The details of remuneration paid / payable to the Directors during the financial year 2020-21 is furnished in the Corporate Governance report annexed to this report of the Board.

## 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 (the '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 BSR & Co., LLP (BSR) were appointed in their first term as Statutory Auditors at the 16<sup>th</sup> Annual General Meeting (AGM) held on August 07, 2020, for a period of five years i.e., until the conclusion of the 21<sup>st</sup> AGM (2025).

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

BSR have not reported any matter under Section 143(12) of the Companies Act, 2013 requiring disclosure under Section 134(3)(ca) of the Companies Act, 2013.

The statutory auditors report to the members for the year ended March 31, 2021 does not contain any qualification, reservation, adverse remark or disclaimer.

### 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 2020-21. The Secretarial Audit report given in 'Annexure B' was taken on record by the Board of Directors at its meeting held on May 21, 2021. 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 2020-21 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 May 21, 2021. 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, ensure 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. 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 2020-21, the Audit Committee has inter-alia taken on record their certification to the effect that:

- a. They have evaluated the internal control 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 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 AOC-2 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 as also before the Board 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 by the Board is uploaded on the Company's website and is available at the web- link: [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 payment receipt

of their remuneration, as applicable), 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 ₹0.99 crores 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 2020-21. The CSR policy of the Company, amended in line with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 is posted on the Company's website and is available at the web-link: <http://ranegroup.com/rmlinvestors/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. 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 issued by the Statutory Auditors are available in 'Annexure E' to this report.

## 9. Business Responsibility Report

The Business Responsibility Report as applicable to the Company in terms of Regulation 34(2) of SEBI LODR for the FY 2020-21 is as provided in 'Annexure F' 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 who is also responsible for the implementation of the Business Responsibility initiatives.

## 10. 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.

## 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.

In accordance with amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from May 05, 2021, the Company falls in the top 1000 companies based on market capitalization as on March 31, 2021. Accordingly, the Board has constituted a Risk Management Committee effective from June 01, 2021 and has also framed a Risk Management Committee Charter. The details of composition of the Committee are provided in 'Annexure E' to this report.

## 12. Other disclosures

- 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.
- The Internal control systems and adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Annual Report.
- 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.
- 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 at [www.ranegroup.com](http://www.ranegroup.com).
- The copy of the Annual Return is available on the website of the Company at [www.ranegroup.com](http://www.ranegroup.com).
- 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 The Institute of Company Secretaries of India (ICSI) as per Section 118(10) of the Companies Act, 2013.
- The Company does not accept any deposits falling under the provisions of Section 73 of

the Companies Act, 2013 and the rules framed thereunder.

- h. The Company has established a formal vigil mechanism named 'Rane Whistle Blower Policy' for reporting improper or unethical practices or actions which are violative of the code of conduct of the Company.
- i. The Company has always provided a congenial atmosphere for work that is free from discrimination and 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 FY - Nil  
 No. of complaints disposed during the FY - Nil  
 No. of complaints pending as of end of the FY - Nil
- j. The Company has not printed physical copies of the Annual Report for distribution in view of

the exemptions available vide General circular 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs ("MCA") and read with circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities Exchange Board of India ("SEBI"). The full Annual Report will be made available on the website of the Company and will also be disseminated to the stock exchanges where shares of the Company are listed. The electronic copies of the annual report and the notice convening the 17<sup>th</sup> AGM would be sent to all the members whose e-mail addresses were registered with the Company or their respective Depository Participants (DP).

k. **Annual General Meeting**

In view of the Covid-19 pandemic and in the interest of all stakeholders, the 17<sup>th</sup> AGM would be conducted through video conferencing or other audio visual means on July 20, 2021 at 15:00 hrs (IST), as per the framework notified by the Ministry of Corporate Affairs. The notice convening the 17<sup>th</sup> AGM contains detailed instructions and notes in this regard.

**Acknowledgement**

We thank our Customers, Investors, Suppliers, Vendors, Bankers, Government, 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**

	<b>Harish Lakshman</b>	<b>Ganesh Lakshminarayan</b>
Chennai	Vice-Chairman	Chairman
May 21, 2021	DIN: 00012602	DIN: 00012583

## 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

The global economy which was already facing a slowdown received yet another setback due to the COVID-19 outbreak which caused major economic disruption leading to a contraction of global growth by 3.5% in FY21. Industrial production and global trade declined substantially due to the enforced lockdown and travel restrictions. However, the economy recovered in the second half due to easing of lockdowns and the rapid deployment of policy support at an unprecedented scale by Central banks and governments around the world. The fiscal support by governments, extensive rate cuts, liquidity injections, and asset purchases by central banks helped in restoring confidence and aided demand recovery preventing a full-blown recession.

According to the International Monetary Fund (IMF), the global economy is expected to move towards recovery and is predicted to increase by 5.5% in 2021 on the back of policy support and roll out of vaccines which are expected to lift economic activity across the world and lead to pick up in trade and investment. Growth is likely to be boosted by the strong economic rebound in China, and across advanced and emerging economies across the world as the impact of pandemic begins to fade. Growth is likely to vary across economies and will be driven by the success and speedy deployment of vaccines along with continued accommodative fiscal and monetary policies.

### 2.2. Indian Economy

India's economy is estimated to have contracted by 7.5% in FY21 as lockdowns and other containment efforts to control the COVID-19 pandemic reduced domestic consumption despite substantial fiscal and monetary stimulus. However, there was a sharper recovery in the second half of the fiscal in terms of consumption and investment. The manufacturing sector indicated notable traction as industrial units were able to function with greater capacity. The infrastructure and construction sector also saw resurgence owing to the government's capex push, easing of movement restrictions, and repressed and festive demand.

According to the IMF, the economy is expected to recover to 12.5% in FY22 led by favourable policy support and

recovery in economic activity. However, the second wave of coronavirus and resultant lockdown has impacted the economic activities in FY22. In order to attract more investments, generate employment and boost exports, the Government introduced production-linked incentive (PLI) schemes to boost cost competitiveness in various manufacturing sectors. The recently announced budget has increased allocation to sectors like infrastructure to revive economic growth. Going forward, rollout of vaccines should lead to increased economic activity and mobility, which should in turn help in gradual and sustainable economic revival.

The second wave of COVID-19 Virus and ensuing restrictions is expected to affect supply chain and availability of shop floor operators. If the wave sustains for more than a few weeks, it will affect consumer sentiments and slow down the growth momentum.

## 3. Industry Review

### 3.1. Global Automobile Industry

U.S. new-light vehicle sales in 2020 declined by around 15% year over year to 14.5 million units. The industry was hit hard due to the COVID-19 pandemic which brought the economy to a standstill and impacted sales. However, the year ended on a surprisingly upbeat note with car and truck sales rebounding sharply in December on the back of positive news related to the passage of the stimulus package, more certainty around the election outcome coupled with news about possible vaccine approval which lifted consumer sentiments. The National Automobile Dealers Association (NADA) expects the U.S. new-vehicle sales to increase by 7% to 15.5 million in 2021 on the back of improving consumer sentiments, low interest rates, consumer preferences for personal vehicle ownership over rideshare services and public transportation. However, continued increases in COVID-19 cases, global shortage of semiconductor microchips, and tight inventory on dealer lots are some of the headwinds for the auto industry.

According to European Automobile Manufacturers' Association (ACEA), the European new-car registrations declined by 24% to 9.9 million units in 2020 due to the COVID-19 pandemic. However, the market share of electric cars went up notably to 10.5% as compared to 3% in 2019. The fallout of pandemic is likely to prevail in the first half of the 2021 but the demand is expected to pick up in the second half as vaccination program progresses with sales expected to rise by 10% compared to 2020.

The global automotive industry has been witnessing subdued demand for the last two consecutive years due to shrinking economic activity, rising competition, slowdown in BRIC economies, and tightening lending norms. The COVID-19 pandemic inflicted severe blow to the already struggling industry and brought a

decade of expansion in the global automotive industry to an abrupt halt. However, the global auto industry is witnessing signs of revival and continues to show resilience boosted by a low interest rate and consumer shift towards personal mobility over public and shared transport. Share of Electric Vehicles is expected to increase in the years ahead with digital transformation expected to be major growth driver going forward. Diverse mobility, connectivity and powertrain choices and increasing level of autonomy are the key disruptive technologies that will shape the future of mobility.

### 3.2. Indian Automobile Industry

The Indian automobile industry which had been struggling for growth even before COVID-19 pandemic led by cyclical downturn and BS-VI disruption, faced a severe blow due to the onset of the pandemic which weakened consumer sentiment due to the risk of wage reduction, bleak job prospects and reduced financing availability. Longer than expected lockdown disrupted supply chain leading to lower plant utilization and resulting in higher inventory with dealers while eroding purchasing power of consumers. However, since the lifting of lockdown restrictions, the auto industry witnessed a demand recovery led by (pent-up) suppressed demand low interest rates, improve finance availability, gradual pick-up of business and economic activity, increasing preference for personal mobility and high disposable income in the rural market. Recovery in demand environment, inventory refilling and normalizing supply-chain bottlenecks led to higher volume in the second half of the fiscal year.

The Passenger Vehicle (PV) segment experienced a decline of 11% amidst weak consumer sentiment. However, rollout of new products/variants, launch of innovative schemes along with an improved preference for personal mobility due to safety precaution helped in arresting a major decline. The consumer's growing preference for modern, spacious, and safer Utility vehicle (UV) segment resulted in growth of 4% while the Passenger Car (PC) segment volume declined by 18%.

Domestic Commercial Vehicle (CV) segment was the worst impacted with volumes declining by 17% as it faced multiple headwinds in the form of surplus capacity with the fleet operators, a weak freight demand on the back of slowdown in economic activity, higher BS6 price and stringent financing norms. The medium and heavy commercial vehicles (M&HCV) segment was the hardest hit due to the unprecedented lockdown which resulted in a slowdown in economic activities. Recovery in the M&HCV was marginal due to poor freight availability, surplus capacity, and slowdown in execution of infrastructure projects. However, announcement of multiple infrastructure projects as well as mining activities by Central and various State Governments helped in the segment's recovery towards the end of the fiscal year. Despite nascent recovery in terms of utilization levels of fleet operators and CV financing picking pace towards the second half of the fiscal year, FY21 was a washout year for M&HCV which recorded a sharp decline of 21%

in volume. The Light Commercial Vehicles (LCV) segment reported slight decline of 12% in volume due to a strong momentum in e-Commerce, Pharma, FMCG, Consumer durables and Agri movement. The Small Commercial Vehicles (SCV) segment reported a decline in volume by 21%.

Farm tractors volumes experienced a sharp increase of 24% led by positive farm sentiments primarily due to robust crop production, higher procurement, good price realizations and a favourable monsoon.

Industry Segment (Production figures)	Growth in % (YoY change)	
Vehicles	FY21	FY20
Passenger Cars (PC)	(18)	(20)
Utility Vehicles (UV)	4	3
Multi-Purpose Vans (MPV)	(18)	(40)
Passenger Vehicles (PV)	(11)	(15)
Small Commercial Vehicles (SCV)	(21)	(26)
Light Commercial Vehicles (LCV)	(12)	(19)
Medium & Heavy Commercial Vehicles (M&HCV)	(21)	(48)
Commercial Vehicles (CV)	(17)	(32)
Farm Tractors (FT)	24	(12)

Source: Society of Indian Automobile Manufacturers (SIAM)

## 4. Business Review

### 4.1 Domestic Market

The Company's sales witnessed 3% growth in the domestic market despite FY 2020-21 being a very challenging year due to COVID-19 induced lockdown. By the end of Q1, the economy and industry had re-started with the new normal in place and in Q2, the farm tractor segment led a strong resurgence with a steep V-Curve recovery. By Q3, PV and FT were operating at peak production and the CV industry also began to ramp up in Q4.

The Company was able to ride on the recovery wave and make up for the weak Q1 performance with quick ramp up and share increase across customers.

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

(₹ in Crores)			
Products	FY 21	FY 20	Growth in %
Steering Gear Products	447.80	445.61	1%
Suspension and Linkage Products	249.90	264.69	(6%)
Hydraulic Products	61.30	40.41	52%
Light Metal Casting Products	42.87	32.33	33%
Other Automotive Parts	47.73	42.03	14%
<b>Total</b>	<b>849.60</b>	<b>825.07</b>	<b>3%</b>

The lockdown initially created a vacuum for replacement of spare parts in the market. As Farm Tractors and personal vehicles segment started operating in full swing post the lockdown, there was a surge in demand for spare parts. The Company capitalized on the demand and posted growth across North, East, West and South Zones in the aftermarket. The Company registered a healthy growth of 10% in the aftermarket segment. This was primarily driven by the focused efforts of the team in delivering quality products and introduction of new products for unserved applications.

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

(₹ in Crores)

Market	FY 21	FY 20	Growth in %
OEM & OES	669.97	661.16	1%
Aftermarket	179.63	163.91	10%
<b>Total</b>	<b>849.60</b>	<b>825.07</b>	<b>3%</b>

## 4.2 Exports

Despite several headwinds in global business including COVID-19, logistical challenges due to lockdowns, container shortage and commodity fluctuations, RML outperformed its FY20 export performance by 19% driven by strong growth in exports of Rack & Pinion products. The addition of a new large volume business to South Korea supplemented the strong growth in the recreational vehicle market in North America. In addition, Steering business commenced the production of the first of several export suspension programs which will continue to drive growth in the near term.

The Light Metal Casting business witnessed decline as there were customer related delays in new programs and lower volumes in the existing programs due to COVID-19. In the near term, the Light Metal Casting business is diversifying its portfolio by pursuing both new OEMs and new product segments, which will enhance growth potential in FY22.

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

(₹ in Crores)

Products	FY 21	FY 20	Growth in %
Suspension Linkage Products	42.60	53.11	(20%)
Steering Gear Products	185.70	123.24	51%
Hydraulic Products	2.70	3.39	(20%)
Light Metal Casting Products	37.13	47.46	(22%)
Other Automotive Parts	5.47	3.32	65%
<b>Total</b>	<b>273.60</b>	<b>230.52</b>	<b>19%</b>

## 4.3 Operational and Financial Performance

### 4.3.1 Financial Review

#### Standalone Financial Highlights

The Company registered sales of ₹1,123.20 crores, an increase of 4% over last year, mainly because of the increased demand in the Indian Automotive sector. The significant cost reduction in both variable and fixed costs also helped increase the operating profits.

- Revenue from sale of products increased to ₹1,123.20 crores in FY21 from ₹1,077.07 crores in FY20.
- EBITDA decreased to ₹93.22 crores in FY21 from ₹98.50 crores in FY20.
- Net loss of (₹50.69) crores in FY21 as against a Net loss of (₹24.43) crores in FY20.

The significant change in respect of net profit margin is primarily due to impairment on investment in wholly owned step down subsidiary.

There is no significant change in other ratios. The return on networth declined to (16.6%) for FY 21 as against (8.0%) for FY 20 due to the aforementioned reasons.

#### Consolidated Financial Highlights

- Revenue from sale of products increased to ₹1,241.94 crores in FY21 from ₹1,251.44 crores in FY20.
- EBITDA decreased to ₹37.69 crores in FY 21 from ₹60.34 crores in FY20.
- Net Loss of (₹61.14) crores in FY21 as against a Net loss of (₹45.51) crores in FY20.

The significant change in respect of Interest Coverage ratio, operating profit margin and net profit margin is primarily due to drop in sales volumes mainly on account of COVID-19 resulting in under absorption of overheads at Step Down Subsidiary in USA impacted the Company at consolidated level.

There is no significant change in other ratios. The return on networth declined to (33.4%) for FY 21 as against (22%) for FY 20 due to the 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 was low in the first two quarters due to the pandemic. The operations team ensured customer deliveries are met in the aftermath of pandemic situation through better coordination throughout supply chain. Several cost optimization measures were taken to minimize the financial impact due to lower sales. Farm tractor segment and Passenger car segment recovered quickly and witnessed surge demand in 3<sup>rd</sup> and 4<sup>th</sup> quarter of FY21. Operations team effectively managed the situation by

optimizing the capacity among the plants and initiated capacity enhancement in Hydraulics and Rack & Pinion segments to meet the new business requirements. 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.

There were several new products across all segments which were developed and delivered as per customer timelines. The team continued to enhance lean measures to improve utilisation, productivity and optimize manpower. Significant tooling improvements and development of suppliers for critical traditionally in-house parts helped the Company to optimise capital expenditure in FY21.

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. The capacity utilisation of this division improved significantly to about 86% in Q4 after nearly two years of very low utilisation.

#### 4.4 Rane Light Metal Castings Inc.

The Operational performance of the US subsidiary, Rane Light Metal Castings Inc. (LMCA) has improved with the introduction of TQM best practices such as Policy Management, DRMs, PDCA way of working, preventive maintenance, and tool management. It was evident from the significant reduction in expedited freight cost, repair and maintenance cost, consumable and tooling cost and cost of poor quality.

During FY 2020-21, the launch of key new businesses were deferred by the customers to early FY 22 due to the COVID-19 pandemic. LMCA continued to face challenge of lower off take from existing customers resulting in significant drop in sales and impacted the profitability severely as major portion of labour cost and salary cost are fixed in nature.

The focus for FY 2021-22 will be to win additional new businesses that can ensure the long term sustainability of the Company. 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 ₹62.50 Crores is recognized during the fiscal year 2020-21.

#### 4.5 Pursuit of Business Excellence

In a year defined by volatility and uncertainty, the Company continued to stick closely to its core fundamentals of TQM in all business processes. The transition from in-office to virtual mode of working presented the opportunity to further refine business excellence processes by strengthening MIS within the company to ensure close coordination and quick response to changing conditions.

As we continue to operate in a dynamic and volatile environment, the company is committed to business excellence and has embraced digital and virtual audit systems to provide the check and balance needed to facilitate continuous improvement. Despite several headwinds, the close coordination and nimbleness of the team helped us win 3 customer awards in a year where many customers did not conduct formal vendor meets.

- Outstanding Support for PVBU and CVBU from Tata Motors
- Bronze Award for Quality - TML
- Sales & Delivery Appreciation award - ITL
- Best supplier award from TML on OES demand fulfilment

#### 4.6 Opportunities and Threats

India is poised to grow faster than most of the large economies over the next decade giving rise to tremendous opportunities. The industry is staring at immense growth prospects in terms of exports, enhancing import substitution, expanding aftermarket offerings, developing data-enabled services and solution, and offering new or modified features in line with constantly shifting market dynamics and changing OEM needs. The automotive value chain is likely to see significant shift to non-traditional sub-segments such as EVs, Advanced Driver Assistance Systems (ADAS), data-enabled services, etc. in the coming future. Adapting to the required changes to seize these upcoming opportunities, the auto component manufacturers will be in a strategic position to leapfrog into the global arena.

As uncertainties prevail in the global economy, the industry continues to face a range of business risks related to supply chain and changing customer preference. Delay in economic recovery, increase in

commodity prices and forex volatility are some of the headwinds being confronted. Moreover, evolving regulatory and trade environment, technological changes and environmental regulation continue to pose challenges to the sector.

The last 18 months have been a very turbulent time in the world and the effects of the global pandemic are manifesting in many ways. India is firmly at war with second wave of the pandemic, while also battling rising input costs and global logistic supply chain disruptions due to container shortage and logjams at ports. The semiconductor crisis has further impacted the production plans in all geographies.

Both Steering and Light Metal divisions have a strong secured book of business for FY22 and expect to build on this with new business pursuits as OEM restart program sourcing that were put on hold in FY21. Both divisions will continue to work on expanding the footprint with domestic and export customers with new programs in all segments.

#### 4.7 Outlook

The industry which is seeing a meaningful upturn after a long period of sluggish growth is likely to witness positive momentum on the back of revival in overall economy, improving rural cash flows, and an increasing need for personal mobility. Introduction of schemes like production-linked incentives and vehicle scrappage policy is likely to increase the competitiveness of the Indian automotive industry globally. Furthermore, help is required to attract investments and boost exports. However, an increase in cases of Coronavirus infection and the consequent restrictive measures imposed by the Government could derail growth prospects. On the other hand, widespread vaccination campaigns being run by the Government is likely to control the pandemic resulting in expanded economic activity.

The Domestic market has witnessed a steep recovery and the export market has stabilised despite several headwinds due to the COVID-19 Pandemic. While India is still grappling with second wave, the implications of which are yet to be fully seen, the overall sentiment of

the industry going into FY22 is one of cautious optimism. All major OEMs are planning significant launches in the coming year and both Steering business and Light Metal Casting India business are present in many of the domestic and international platform launches.

Steering business has also gained entry into all major OEMs in the hydraulics product line and will look to build on the strong performance of FY21 with entry into new platforms and targeted share increase with customers. With government driven infrastructure projects announced in the union budget 2021, the CV industry is also expected to see a recovery in the near term, but the lingering effects of second wave and the associated reverse migration could slow down the recovery.

Having stabilised operations in the Indian plants, the Indian 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 its impact on business. The top management reviews, the strategic risks, the risks with high probability and high impact every quarter and presents its report along with 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 the internal audit process and presented to the Audit Committee every quarter. The business processes risks and the related controls are subjected to internal audit and reviewed on a quarterly basis. The risk ratings are revalidated with the top management as part of the internal audit process every quarter. The overall re-assessment of risks at the Company level is carried out and presented to the Board of Directors once in two years for their review.

	Risk	Nature of Risk	Risk Mitigation Strategies
Strategic	Quality	Risk of product recall in growing International Business.	<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	Risk of dependence on one Customer for International Business Growth.	The Company is targeting business development with other Global Steering gear suppliers.

	Risk	Nature of Risk	Risk Mitigation Strategies
Operational	Quality/Processes	Quality and delivery are sacrosanct for safety critical products supplied by the Group.	Skilled workforce, imparting job skill enhancement training, enhancing supplier capabilities and robust manufacturing processes help the Company mitigate quality and delivery risks.
	People Risk	Attrition of key personnel could impact business operations and growth.	The Company's HR processes are constantly upgraded to attract, retain and develop talent. The 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.
	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.	The Company constantly strives to mitigate the input cost increases by: <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	Exposed to foreign currency exchange risk as we export our products to various countries and import raw materials.	The Company uses a multi-pronged approach as suitable to the scenarios. This approach includes: <ol style="list-style-type: none"> <li>Optimally balancing the import and export to create natural hedge.</li> <li>Working with customer to index prices to mitigate currency fluctuations.</li> <li>Taking simple forwards on a rolling basis to protect its export realization.</li> </ol>
	Interest Rate Risk	Use of borrowings to fund expansion exposes the Company to interest rate risk.	The Company manages interest rate risk on the following basis: <ol style="list-style-type: none"> <li>Maintaining optimal debt-equity levels.</li> <li>Using internal accruals to fund expansion.</li> <li>Constantly optimising working capital to reduce interest costs.</li> </ol>

## 6. Human Resource Development and Industrial Relations

### 6.1. Talent Development Initiatives

In FY21, the Company focused on the following competency enhancement initiatives:

#### Leadership Development

- Young Leadership Development (YLD) Batch 4 was rolled out for first time managers and experienced individual contributors. Seven participants underwent 4 days of facilitator led workshop delivered in two modules.
- As part of High Potential Leadership Development (HPLD) Batch-6, two participants underwent a curated 12 day self-development plan consisting of online courses, videos and podcasts to help them further in their leadership development journey.
- As part of an Executive Leadership Development, in the "Leader as Coach" program, four participants in Batch 2 have completed their module 1 and are progressing on their leadership journey. An interactive session was organized for them with the resource person and Group HR Head to exchange experiences on how 2020 had impacted them and also to prepare them for the upcoming modules.

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

2 participants from batch 3 completed their 18-month learning journey, 6 projects have been carried out by the participants in PQCDMS in line with their RMSP learning.

13 participants from batch 5 & 7 are undergoing their RMSP journey.

#### Managerial & Technical Competency Development Programs

58 programs focusing on Manufacturing Systems, General Management, Soft Skills and Business Specifics were organized during the year. Design for Manufacturing, QC Story Methodology and customized SAP programs were organized as part of business specific programs. Manufacturing Systems programs such as Low-Cost Automation, Noise, Vibration & Harshness and Value Engineering were also organized. This year 62% of the programs (Behavioural, Technical, Functional and General management) were delivered through virtual instructor led programs and 38% through massive open online courses.

### 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 in providing insights on what is important to employees. A follow up mechanism ensures that change and progress occur. In recognition of our efforts, four of Rane Group companies including this Company have been certified as “Great Place to Work” Companies.

With an objective to promote a culture of well-being and improving health outcomes, the company organized wellness events, rendered wellness services and provided supplementary resources.

#### **Mental Health and Well-Being**

Workshop on mental health and well-being was organized with the objective to raise awareness on mental health and recognize it as an integral and essential aspect of one's well-being. The session focused on common myths and misconceptions about the widespread mental health challenges and to learn habits to keep one's mind healthy and understand responsibilities towards nurturing the collective mental health of the organization. Around 233 participants went through the Workshop where tips on self-regulating one's thoughts, feelings and emotions during pandemic were shared.

#### **Values Workshop**

A workshop on Values was organized to develop an understanding of organizational values, expectations (of the team, people, and customer), taking ownership and preparing oneself towards contributing meaningfully towards the goals of team/function. 28 participants at Assistant Manager to Deputy Manager Level at group level were benefited from the workshop.

#### **Response to COVID**

As part of Rane Group's initiatives to tackle COVID-19, a 'Return to Work' SOP was developed and circulated to all employees. Strict guidelines on social distancing norms were implemented and an awareness of good hygiene practices were emphasized, "Quarantine leave" (QL) of 14 days was given to Employees in case they or their immediate family members were affected by COVID or were coming from hotspots, policies on flexible work timings were instituted with an increase in medical insurance corporate buffer limits for expenses (employee and dependents) incurred due to COVID was introduced.

### **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 in 2019. The first year of implementation overlapped with the pandemic and we kept the employees engaged by rolling out 47 personalized learning courses that were a mix of online learning courses, virtual instructor-led sessions, and eLearning modules. This was supplemented

by virtual resources such as videos, presentations, articles, books and podcasts. To ensure employees have adequate knowledge of the policies that are part of the governance & vigil mechanism, we developed and rolled out e-learning modules on Rane Compass - Rane's Policy on Ethical Standards of Behaviour, including policies on gifts and vendor relationship, Whistle Blower policy and policy on Prevention of Sexual Harassment of Women at Workplace. These e-learning policies, while acting as refresher for our existing employees, provides learning to our new joiners so as to be able to quickly adapt to our culture.

**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 enhanced learning results and business outcomes while improving the engagement levels significantly.

### **6.4. Industrial Relations**

Industrial relations were generally cordial in all the plants.

The group level industrial relations council works towards the objective of creating a healthy working environment by promoting peace and harmony amongst all segments of employees. The focus areas for the council includes, interpretation and implementation of legislations, workforce mix planning for optimal deployment and sharing of 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 society. The Company is committed to make a meaningful contribution to the society as part of its CSR initiatives.

RML contributed to Rane Foundation (RF), the CSR arm of Rane Group, which primarily focused on Education and Healthcare in 2020-21.

#### **Education**

The Rane Polytechnic, established at Trichy in the year 2011, under the aegis of Rane Foundation has stepped into its tenth 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, 1,283 students have completed their diploma program, and 242 students will complete the program in the academic year 2020-21. About 93% of the students received placement through Campus interviews.

"The Finishing School Programme" offered by the College during the three years which is beyond the prescribed curriculum makes a huge difference to their students in their industry readiness. Teachers at the college had incorporated rigorous mock interview

sessions both online and offline. Continuous interaction with corporate leaders and effective mentoring by the faculty members ensured desired placements thereby reinforcing the faith in the quality of talent by opening more of their desired roles, during such challenging times.

Rane Foundation embarked on its next major project, opening of a school named 'Rane Vidyalaya' in Trichy. In June 2018, Rane Vidyalaya was recognized by The Directorate of School Education, Tamil Nadu and is affiliated to the Central Board of Secondary Education, New Delhi. In 2020-21, it reached a student strength of 380 in its third year of operations, functioning from LKG to VI standard proving the need for a quality school in rural area. The school was quick on its feet to start online classes from April 2020, through various means such as Zoom, Google Classrooms and Meet, Apps for Mathematics and English and dedicated YouTube channels etc. This was well received by the parents and the students who were quick to adapt to the new modes of teaching.

#### Healthcare

Rane Foundation and companies made significant contribution towards COVID relief measures to various relief funds and NGOs.

Other major CSR activities carried out by the Company during FY21 are as follows:

- Donated ECG & Hematology Machine to COVID Hospitals.
- Supported Infrastructure Development by providing desktop, projector and screen to a Government middle school.
- Construction of water tank at Puducherry.
- Enabling Community Development through Women Empowerment Tailoring, setting up

street light in Varanavasi Village and infrastructure facility to Pollution Control Board at Varanavasi.

**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, the resources are utilised effectively and the assets are safeguarded.

The internal audit function is outsourced to a professional firm of independent assurance service providers. The Audit Committee and the Board, in consultation with the internal auditors, statutory auditors and operating management, 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 meetings for review. The Management's responses and counter measures are discussed in the Audit Committee meetings. This process ensures robustness of internal control system and compliance with laws and regulations, including resource 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, 2021

### 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 1, 2020 to March 31, 2021 ('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, 2021, but before the issue of this report;
- (ii) Certificates confirming compliance with all laws applicable to the Company, given by the 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, 2021**, 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;
    - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'); and
    - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
  - (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, 2021, 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; and
  - (f) 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, 2021, 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 whole-time key managerial personnel in the position of Manager under 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. Lakshman Lakshminarayan (DIN: 00012554) as a Director, upon retirement by rotation at the 16<sup>th</sup> Annual General Meeting held on August 7, 2020.

**2.2 Board meetings**

- (i) Adequate notice was given to all the directors to enable them plan their schedule for the Board Meetings, other than 1 (one) meeting which was called at a shorter notice.
- (ii) Notice of Board meetings was sent to all the directors atleast 7 (seven) days in advance, except 1 (one) meeting which was called at a shorter notice in accordance with Section 173(3) of the Companies Act, 2013.
- (iii) Agenda and detailed notes on agenda were sent to the directors atleast 7 (seven) days before the Board meetings (except in respect of the meeting held at a shorter notice) 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.

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

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

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

**3. Compliance mechanism**

**We further report that:**

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**

**(I) Allotment of shares on January 7, 2021**

11,61,440 Equity shares of ₹10/- each, fully paid-up, were allotted to Rane Holdings Limited (RHL), the holding company, on January 7, 2021, pursuant to conversion of the entire balance of 11,61,440 warrants out of the 17,42,160 warrants allotted on December 18, 2019 on preferential basis, 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 ₹25 Crores. Consequent to this allotment, the shareholding of RHL in the Company increased from 79,61,398 Equity shares of ₹10/- each (63.42%) to 91,22,838 Equity shares of ₹10/- each (66.52%).

**(II) Preferential issue of warrants on January 29, 2021**

Pursuant to the approval accorded by the members through postal ballot on January 16, 2021, 25,49,936 warrants of ₹10/- each,

were allotted on preferential basis to RHL, on January 29, 2021, upon receipt of the warrant subscription price of ₹58.83/- per warrant (being 25% of the issue price of ₹235.30/- per equity share) aggregating to ₹15 Crores. The warrants are convertible into 25,49,936 Equity shares of ₹10/- each, fully paid-up, at a price of ₹235.30/- per equity share, upon application by RHL and payment of the warrant exercise price of ₹176.47/- per warrant, on or before the expiry of 18 (eighteen) months from the date of allotment.

**(III) Allotment of shares on March 29, 2021**

8,49,978 Equity shares of ₹10/- each, fully paid-up, were allotted to RHL on March 29, 2021, pursuant to conversion of 8,49,978 warrants, out of the 25,49,936 warrants allotted on January 29, 2021, and receipt of the warrant exercise price of ₹176.47/- per warrant (being the balance 75% of the issue price of ₹235.30/- per equity share) aggregating to ₹15 Crores. Consequent to this allotment, the shareholding of RHL in the Company increased from 91,22,838 Equity shares of ₹10/- each (66.52%) to 99,72,816 Equity shares of ₹10/- each (68.47%).

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

Further Investment of Euro 9.95 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  
(Peer Review Certificate No.739/2020)

Place: Chennai  
Date: May 21, 2021

**K Sriram**  
Partner  
Membership No.: F6312  
Certificate of Practice No.: 2215  
UDIN: F006312C000353054

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, 2021, 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 action taken by the Company after March 31, 2021, but before the issue of this report; and
  - (c) Notifications / Circulars / Guidelines issued by the Ministry of Corporate Affairs / the Securities and Exchange Board of India / Reserve Bank of India, and Guidelines issued by the Institute of Company Secretaries of India, in respect of various compliance related events as stated 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  
(Peer Review Certificate No.739/2020)

**K Sriram**  
Partner  
Membership No.: F6312  
Certificate of Practice No.: 2215  
UDIN: F006312C000353054

Place: Chennai  
Date: May 21, 2021

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

# ANNUAL REPORT ON CSR ACTIVITIES

for the Financial Year 2020 - 21

### 1. A brief outline of the Company's CSR policy

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 the Planet. Our belief in good citizenship drives us to create maximum impact in areas of:

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

#### Overview of projects implemented during FY 2020-21

The Company contributed to Rane Foundation (RF), the CSR arm of Rane Group, which primarily focused on Education. RF has established Rane Polytechnic and Rane Vidyalaya at Trichy, Tamil Nadu. Rane Polytechnic is accredited by the National Board of Accreditation (NBA)

for its Diploma in Mechanical Engineering program. Rane Vidyalaya is recognized by The Directorate of School Education, Tamil Nadu and is affiliated to the Central Board of Secondary Education, New Delhi and operates from classes LKG to VI standard.

The Company also contributed to several programmes with a focus on health care, Women Empowerment, Infrastructure Development including school renovation like:

- ECG & Hematology Machines to COVID Hospitals.
- Desktop, projector and screen for Government middle school.
- Construction of water tank.
- Tailoring for Women Empowerment.
- Street Lighting in Varanavasi Village.
- Infrastructure facility to Pollution Control Board.

### 2. 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 members of the CSR Committee are:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. L Lakshman, Committee Chairman	Non-Executive and Promoter Director	One (1)	One (1)
2.	Mr. L Ganesh, Committee Member	Non-Executive Chairman and Promoter Director		
3.	Ms. Anita Ramachandran, Committee Member	Non-Executive and Independent Director		

The Board CSR Committee grants auxiliary power to the working Committee of the Company to act on their behalf. The members of the CSR working Committee are:

Members	Designation
Ms. Gowri Kailasam	President - SLD & Manager
Mr. D Sundar	President - LMCI
Mr. B Gnanasambandam	Senior Vice President - Finance & CFO
Mr. V. Ramasubramanian	Associate Vice President- Human Resource

3. The web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: [https://ranegroup.com/rml\\_investors/corporate-social-responsibility-policy/](https://ranegroup.com/rml_investors/corporate-social-responsibility-policy/)

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 - Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹in Lakhs)	Amount required to be set-off for the financial year, if any (₹in Lakhs)
1.	2017-2018	Nil	Nil
2.	2018-2019	Nil	Nil
3.	2019-2020	Nil	Nil

6. Average net profit of the Company as per section 135(5)

(₹ in Crores)

Particulars	2017-2018	2018-2019	2019-2020
Net profit/(Loss) for the year	41.81	47.24	(24.43)
Adjusted Net profit (as per Section 198)	60.53	70.67	14.56
<b>Average Net profit</b>	<b>48.58</b>		

7. (a) Two percent of average net profit of the Company as per section 135(5) - ₹97.16 lakhs

(b) Surplus arising out of CSR projects/programmes/activities of previous financial years - Nil

(c) Amount required to be set off for the financial year - Nil

(d) Total CSR obligation for the financial year (7a+7b-7c) - ₹97.16 lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
98,90,506	NIL		NIL		

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
NIL												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation -Through implementing agency.	
				State	District			Name	CSR registration number**
1	Education - Institutional Development	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Yes	Tamil Nadu	Trichy	58,00,000/-	No	Rane Foundation (Registered Trust)	CSR00004387
			Yes	Uttarakhand	Pant Nagar	2,50,000/-	Yes	NA	NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number**
2	Healthcare	Donation to COVID 19 Chief Minister Relief Fund	Yes	Tamil Nadu, Telangana	Chennai, Hyderabad	20,00,000/-	Yes	NA	NA
	Healthcare - Infrastructure facility	Promoting health care including preventive health care	Yes	Karnataka	Mysore	7,50,520/-	Yes	NA	NA
3	Healthcare	Nutrition Programme - to increase the longevity of HIV infected kids, provide them with protein supplements to help increase their immunity.	Yes	Telangana	Medak, Hyderabad	3,45,600/-	No	Desire Society, Hyderabad	NA
	Healthcare - Infrastructure facility	Construction of water tank	Yes	Puducherry	Puducherry	1,66,340/-	Yes	NA	NA
4	Community Development	Women Empowerment Tailoring	Yes	Puducherry	Puducherry	1,31,044/-	Yes	NA	NA
5	Community Development	Street Lighting in Varanavasi Village	Yes	Tamil Nadu	Varanavasi	4,47,000/-	Yes	NA	NA
TOTAL						98,90,506/-			

\*\*The requirement for CSR Registration number is mandatory post April 01, 2021. The projects reported were approved prior to April 01, 2021.

- (d) Amount spent in Administrative Overheads - Nil
- (e) Amount spent on Impact Assessment - **Not Applicable**
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) - **₹98.90 lakhs**
- (g) Excess amount for set off - **₹1.74 lakhs**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	97,16,968/-
(ii)	Total amount spent for the Financial Year	98,90,506/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1,73,538/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1,73,538/-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial year (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
Nil								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) – **Not Applicable**

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset(s).
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) - **Not Applicable.**

For and on behalf of the Board

Chennai  
May 21, 2021

Lakshman Lakshminarayan  
Chairman of the Committee  
DIN:00012554

Ganesh Lakshminarayan  
Chairman  
DIN:00012583

## 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.
- 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.
- Implementation of AC Energy Saver to minimize the power consumption in air conditioners.
- Rain water harvesting and recharge pits to improve the ground water level.

### Waste Elimination

- Projects identified with Reduce / Reuse / Recycle concept to minimize the wastes.
- Machineries were modified to switch off automatically with an idle time trip mechanism.
- 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 and Sustained 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 reduction of Co<sub>2</sub> emission.

### 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 automatic assembly station with machine learning capabilities to optimize the process parameters and ensure first time right.
- Process and product parameters captured as part of Industry 4.0 Initiatives to improve traceability of parts.
- Innovative finishing process introduced in Hydraulic cylinders to achieve superior quality requirements.
- In-house software - Shop Floor Management System is implemented in all the plants. This software is enhanced to facilitate service departments support to shop floor operations and for analysis and improvements.

### 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 special grease to suit high temperature application.
- Aluminium housing design for gear pump to reduce weight.
- Ball pin process optimization through header route manufacturing process.
- Use of high temperature application seals in cylinders for export markets.

- Two piece design for piston and piston rod in steering cylinders to optimize performance.

#### 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:

- Steering cylinder cost reduction using CEW tube and manufacturing process optimization.
- Inner ball joint cost optimization using improved ball rod designs.
- Steering linkage cost and weight optimization using high yield strength tubes.
- HSU casting cost reduction by using special grade alloy.

Details of Imported Technology (during the last 3 years reckoned from the beginning of the FY 2020-21):

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

#### Research and Development expenditure incurred

(₹ in Crores)

Sl. No.	Particulars	2020-21	2019-20
A	Capital expenditure	1.94	3.34
B	Recurring expenditure	7.97	9.68
C	<b>Total</b>	<b>9.91</b>	<b>13.02</b>
D	Total R & D expenses as a percentage of total turnover	0.86%	1.18%

#### C. Foreign Exchange Earnings And Outgo

(₹ in Crores)

Foreign Exchange	2020-21	2019-20
Earnings	203.99	201.59
Outgo	37.92	51.98

For and on behalf of the Board

Chennai  
May 21, 2021

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

**Ganesh Lakshminarayan**  
Chairman  
DIN: 00012583

## 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, and 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

As on March 31, 2021 the Board comprises of six (6) Non-Executive Directors with 50% being Independent Directors. The Chairman of the Board is a Non-Executive Director. 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 2020-21 is in conformity with the 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) 2013 read with Regulation 17A of SEBI LODR. None of the Independent Directors serves as an Independent Directors in more than seven (7) listed companies and where any Independent Director is serving as Whole-Time Director in listed Company not more than three (3) listed Companies is served by him / her as an Independent Director. Similarly, none of the Directors on the Board is a member of more than ten (10) Committees or Chairperson of more than five (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 change in their Directorship(s) / Committee position(s) as and when they take place.

During FY 2020-21, the Board of Directors met six (6) times on June 18, 2020; August 07, 2020; October 21, 2020; December 17, 2020; January 27, 2021 and March 17, 2021 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 member / chairman position(s) held by them in other public companies as on March 31, 2021 are given below:

Name of the Director / (DIN)	Category in the Company	No. of Board meetings attended	Attendance at the last AGM (August 07, 2020)	Number of Directorship in other public Companies #		Number of Committees Membership®	
				Chairperson	Member	Chairperson	Member
Mr. Ganesh Lakshminarayan (00012583)	Chairman, Non-Executive & Promoter	6	Yes	3	6	-	7
Mr. Harish Lakshman (00012602)	Vice Chairman, Non-Executive & Promoter	6	Yes	1	5	1	1
Ms. Anita Ramachandran (00118188)	Non-Executive & Independent	6	Yes	-	9	1	6

Name of the Director / (DIN)	Category in the Company	No. of Board meetings attended	Attendance at the last AGM (August 07, 2020)	Number of Directorship in other public Companies #		Number of Committees Membership®	
				Chairperson	Member	Chairperson	Member
Mr. Lakshman Lakshminarayan (00012554)	Non-Executive & Promoter	6	No	-	4	2	3
Mr. M Lakshminarayan* (00064750)	Non-Executive & Independent	6	No	1	7	3	8
Mr. Pradip Kumar Bishnoi (00732640)	Non-Executive & Independent	6	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.

\* Mr. M Lakshminarayan (DIN: 00064750), Non-Executive, Independent Director, retired as per the retirement policy of the Company, effective from conclusion of the Board Meeting held on May 21, 2021.

The details of other Directorship held by the Directors of this Company as on March 31, 2021 in other listed entities are 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
	Sundaram Finance 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
	Happiest Minds Technologies Limited	Non-Executive & Independent
	Metropolis Healthcare 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
Mr. M Lakshminarayan*	Kirloskar Oil Engines Limited	Non-Executive & Independent
	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 & Non Independent
Mr. Pradip Kumar Bishnoi	Avadh Sugar & Energy Limited	Non-Executive & Independent
	Rane Holdings Limited	Non-Executive & Independent

\* retired as per the retirement policy of the Company, effective from conclusion of the Board Meeting held on May 21, 2021.

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 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, Directors' performance evaluation and criteria for performance evaluation of Independent Directors 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 the 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).

Presentations on business and performance updates of the Company, global business environment and business strategy are made to the Board and the Committee members. 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/).

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

The Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and Committees. The Board ensures and maintains highest standards of corporate governance. As on March 31, 2021 the skills, expertise and competencies which are identified by the Board in the context of the automotive business in which the Company operates for it to function effectively, inter-alia, are as follows:

Skills / Competence / Expertise	Remarks	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. L Lakshman Mr. M Lakshminarayan* 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. L Lakshman Mr. M Lakshminarayan* 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. L Lakshman Mr. M Lakshminarayan* 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. L Lakshman Mr. M Lakshminarayan* Mr. Pradip Kumar Bishnoi

\*retired as per the retirement policy of the Company, effective from conclusion of the Board Meeting held on May 21, 2021.

### 3. Audit Committee

#### Composition, Attendance and Meetings

The composition of the Audit Committee of the Board is in conformity with 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 June 18, 2020; August 07, 2020; October 21, 2020 and January 27, 2021 with requisite quorum was present throughout the 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	4
Mr. L Lakshman	Member, Non - Executive & Promoter	4

\*ceased to be a member of the Committee, effective from conclusion of the Board Meeting held on May 21, 2021.

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 the meetings. The 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 August 07, 2020.

#### Overall purpose and terms of reference

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

The terms of reference and roles of the Audit Committee are inter-alia include the 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 The 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 two (2) times during the year, viz., June 18, 2020 and January 27, 2021 with requisite quorum present throughout the 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	2
Mr. L Ganesh	Member, Non-Executive & Promoter	2
Ms. Anita Ramachandran	Member, Non-Executive & Independent	2
Mr. L Lakshman	Member, Non-Executive & Promoter	2

\*ceased to be a member of the Committee, effective from conclusion of the Board Meeting held on May 21, 2021.

##### Overall purpose and terms of reference

The brief of terms of reference of the NRC are in line with the provisions of SEBI LODR / Companies Act, 2013 and the roles 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/ Manager;
- 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 and recommended the revision in sitting fees payable to the Non-Executive Directors for the FY 2020-21.
- reviewed the compensation benefits of SMP and KMP of the Company.
- considered and recommended the appointment of Mr. T Giriprasad, as President - Rane Aftermarket Business.
- reviewed and recommended the process of Board evaluation, its committees and Directors.
- reviewed and recommended re-instating the sitting fees payable to the Non-Executive Directors for meetings after March 01, 2021.

##### 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 16<sup>th</sup> AGM held on August 07, 2020, additional approval of shareholders was obtained for payment of annual remuneration in the nature of commission apart from sitting fees to Mr. L Ganesh, Non- Executive Chairman, whose total annual remuneration exceeded fifty per cent of the total annual remuneration payable to all other Non-Executive Directors for the FY ended March 31, 2020.

The approval under the said regulations is being sought again at the ensuing 17<sup>th</sup> AGM in order to pay commission to him for FY 2020-21, exceeding fifty per cent of the total annual remuneration payable to all Non-Executive Directors.

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, where applicable, 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

In view of the general economic slowdown coupled with the uncertainties due to the COVID-19 pandemic situation, the Board of Directors had decided not to pay sitting fees to all Non-Executive Directors. After considering the revival of industry and business prospects and restoration of full compensation of employees, the sitting fees was re-instated by the Board with effect from the month of March 2021.

#### 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, 2021 are as follows:

Name of the Director	Sitting Fees (₹)	Remuneration (₹)	Shares held as on March 31, 2021
Mr. L Ganesh	40,000	38,94,127	839
Mr. Harish Lakshman	40,000	-	750

Name of the Director	Sitting Fees (₹)	Remuneration (₹)	Shares held as on March 31, 2021
Mr. L Lakshman	40,000	-	-
Mr. M Lakshminarayan	40,000	-	-
Ms. Anita Ramachandran	40,000	-	-
Mr. Pradip Kumar Bishnoi	40,000	-	-

#### Note:

- Commission for the year 2020-21 is payable to Mr. L Ganesh, Chairman is pursuant to the approval accorded by shareholders at their 16<sup>th</sup> AGM held on August 07, 2020 and is subject to additional annual approval in terms of Regulation 17(6)(ca) of SEBI LODR is proposed at the ensuing 17<sup>th</sup> AGM, as explained in the previous paragraphs of this report.
- 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 three (3) times during the year, i.e., August 07, 2020; October 21, 2020 and January 27, 2021 with requisite quorum present throughout the 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	3
Mr. Harish Lakshman	Member, Non - Executive & Promoter	3
Mr. Pradip Kumar Bishnoi	Member, Non - Executive & Independent	3

### Overall purpose and terms of reference

The terms of reference of the SRC are frame in line with the 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.

The Chairman of the SRC was present at the last AGM of the Company held on August 07, 2020 to answer queries of the security holders. During the year there were no Investor complaints received / pending unresolved at the end of the financial year 2020-21. The SRC at its meeting held on May 21, 2021 reviewed the Internal Audit report for the FY 2019-20 issued to RTA, in line with the SEBI's Circular dated April 20, 2018.

### 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 June 18, 2020 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 amended in accordance with Companies (CSR Policy) Amendment Rules, 2021 are as follows:

- Formulate and recommend CSR Policy, for approval of the Board.
- Formulate and recommend to the Board, an annual action plan in pursuance of CSR policy.
- Approve projects that are in line with the CSR policy.
- Implement CSR projects/programmes directly and through registered implementing agencies.
- Have monitoring and reporting mechanisms in place to track the progress of each project.
- Recommend the CSR expenditure to the Board of the company for approval.
- Carry out impact assessment of project/programmes, where required.
- Ensure the end utilization of CSR expenditure.
- Such other terms as required under any statutory obligation.

The report on CSR projects undertaken during the financial year 2020-21 as approved by the CSR Committee in consultation with the Board is annexed to the Report of Board of Directors as 'Annexure C'.

### 7. Risk Management Committee (RMC)

SEBI vide its circular dated May 05, 2021 has amended Regulation 21 of SEBI LODR revising the threshold limit for constituting a Risk Management Committee, to top 1000 listed companies based on market capitalization as at the end of the immediate previous year. The Company falls in the top 1000 companies based on Market Capitalization as on March 31, 2021. The Board at its meeting held on May 21, 2021 has constituted Risk Management Committee and also approved the Risk Management Committee Charter which covers the roles and responsibilities of the Committee with effect from June 01, 2021. The Committee comprises of Mr. L Ganesh (Chairman), Mr. Harish Lakshman, Mr. Pradip Kumar Bishnoi, Ms. Gowri Kailasam, Manager & President - SLD and Mr. D Sundar, President - LMCI as its members.

### Overall purpose and terms of reference

The purpose of the Risk Management Committee is to assist the Board in identifying the internal and external risk associated with the business.

The terms of reference of the Risk Management Committee are as per the regulation 21 of SEBI LODR. In line with these regulations, the Board has approved an Committee Charter. The roles and responsibilities of the Committee are described hereunder:

- To formulate a detailed risk management policy and review the policy once in two years.
- To ensure that appropriate methodology, processes and systems are in place to monitor and

evaluate risks associated with the business of the Company.

- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- The RMC shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.
- Power to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

## 8. 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 01, 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 Mr. L Ganesh, Mr. Harish Lakshman and Mr. L 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 and no sitting fees is payable to the Committee members. During the year two (2) meetings were held on June 08, 2020 and February 17, 2021 to approve matters relating to Corporate Guarantee, Working capital arrangements etc.

### Executive Committee

An Executive Committee comprising of Mr. L Lakshman, Mr. L Ganesh and Mr. Harish Lakshman as its members is authorized to carry out activities in connection with

change in authorization to officials under various legislations, operation of bank accounts and other administrative matters between two consecutive meetings of the Board. The Company Secretary acts as Secretary of the Committee and no sitting fees is payable to the Committee members. During the year, no meeting was held.

### Issue and Allotment Committee

The Committee constituted in connection with the preferential issue of warrants and it 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 four (4) times on December 17, 2020, January 07, 2021, January 29, 2021 and March 29, 2021.

All members attended all four meetings. No sitting fees is payable to the Committee members. The Company Secretary acts as Secretary to the Committee.

### Investment Committee

An 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. No sitting fees is payable to the Committee members. The Company Secretary acts as Secretary to the Committee. No meeting was held during the year.

## 9. Code of conduct

The Board of Directors has laid down a code of conduct, i.e. "Ethical Standards of Behaviour - RANE COMPASS" for all Board members and employees of the Company in furtherance of its emphasis towards good Corporate Governance practices. The same has been posted on the website of the Company 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. The declaration from the Manager of the Company to this effect is provided as Annexure (ii) to 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/).

## 10. General Body Meetings

The details of last three (3) Annual General Meetings (AGM) are as under:

Date of AGM	Special resolutions passed	Time	Venue / Mode
August 07, 2020 (Sixteenth AGM)	1. Approval of appointment and remuneration of Ms. Gowri Kailasam, as Manager  2. Approval 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 percent of the total annual remuneration payable to all Non-Executive Directors.	15:00 hrs	Video Conferencing / Other Audio Visual Means (VC/OAVM)
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. Ganesh Lakshminarayan (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	

During the year, one special resolution proposed vide postal ballot notice dated December 17, 2020 was passed by the members. The Postal Ballot was conducted in accordance with Section 110 of the Companies Act, 2013, Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI LODR read with MCA and SEBI circulars relaxing the physical dispatch of postal ballot notice to all shareholders. The postal ballot notice was sent by email to all the shareholders. The

Company engaged Central Depository Services (India) Limited (CDSL) for facilitating the remote e-voting. The Board appointed Mr. C Ramasubramanian, Practicing Company Secretary, as the Scrutinizer for conducting the voting through postal ballot in a fair and transparent manner. The Scrutinizer gave his Report and on the basis of the said Report, the results of the Postal Ballot in respect of the resolutions had been declared as passed with requisite majority on January 16, 2021:

Special resolutions passed	No of Votes polled	Votes Cast			
		In favour		Against	
		No of Votes	%	No of Votes	%
Issue of warrants on preferential basis	80,67,705	80,67,339	99.99%	366	0.00

There was no resolution passed through EGM during the financial year 2020-21.

## 11. Other disclosures

- During the year, the Company had not entered into any transaction of material nature with any of the promoters, Directors, management or relatives or subsidiaries etc., 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 including those with persons /entities belonging to promoter / promoter group 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.

- 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.
- 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.
- 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 stakeholders the 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 a material subsidiary as defined in Regulation 24 of the SEBI LODR. 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 of the companies by the Board / 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 read with Regulation 25 and other provisions of the Act and SEBI LODR, as amended from time to time and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge duties with an objective independent judgment and without any external influence.
- 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, of such quantum and for such risks which commensurate to the operations of the Company and in line with the industry standards.
- xi. The 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.
- xii. The disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Directors' Report.
- xiv. The Board has accepted / considered all the recommendation(s) made by its Committee(s) to the Board in the relevant financial year under review.
- xv. The total fees for all services paid by the Company to Statutory Auditor 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 Subsidiaries	Paid by the Company	Paid by the Subsidiaries
	FY 2020-21		FY 2019-20*	
BSR & Co. LLP, Chartered Accountants	0.27	-	-	-
Network entities and firms of BSR & Co. (if any)	-	-	-	-
M/s. Deloitte Haskins and Sells, Chartered Accountants*	0.06	-	0.46	-
Network entities and firms of DHS & Co. (if any)	0.07	-	0.08	-
<b>Total</b>	<b>0.40</b>	<b>-</b>	<b>0.54</b>	<b>-</b>

\* M/s. Deloitte Haskins and Sells, Chartered Accountants (DHS) retired as Auditors on August 07, 2020.

xvi. The shareholders of the Company vide Postal Ballot resolution passed on January 16, 2021, had approved fund raising for a sum of ₹60 crores by way of preferential issue. Pursuant to the same 25,49,936 warrants at an issue price of ₹235.30 per warrant, on preferential basis, were issued and allotted to Rane Holdings Limited, Promoter / Promoter Group (RHL) for the entire issue size of ₹60 crores. As on March 31, 2021, the Company has received ₹30 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.

xvii. The Board of Directors at their meeting held on May 21, 2021 has formulated a Dividend Distribution Policy and the same is available on the website of the Company weblink: [https://ranegroup.com/rml\\_investors/dividend-distribution-policy/](https://ranegroup.com/rml_investors/dividend-distribution-policy/).

xviii. 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.

#### 12. 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.

#### 13. 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 have 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/)

#### 14. 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 on the websites of the Stock Exchanges and the Company viz., [www.ranegroup.com](http://www.ranegroup.com). During the year, press releases and presentations that were made to analysts / institutional investors were also made available on the website of the Company.

The Company has not printed physical copies of annual report for distribution in view of exemption available vide circular(s) dated September 28, 2020, May 5, 2020, April 13, 2020 and April 08, 2020 issued by the Ministry of Corporate Affairs ("MCA") (collectively referred to as "MCA Circulars") and read with circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by Securities Exchange Board of India ("SEBI") (collectively referred to as "SEBI Circulars"). The full Annual Report was made available on the website of the Company and also disseminated to the stock exchanges where shares of the Company are listed. The electronic copies of the annual report and the notice convening the 16<sup>th</sup> AGM were sent to all the members whose e-mail addresses were registered with the Company or their respective Depository Participants (DP).

#### 15. General Shareholder Information

- (i) Information about Director(s) seeking appointment/re-appointment in the ensuing Seventeenth (17<sup>th</sup>) Annual General Meeting in compliance with Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2).

Name of the Director	Mr. Harish Lakshman	Mr. Pradip Kumar Bishnoi	Mr. S Sandilya	Mr. Ramesh Rajan Natarajan
Father's Name	Mr. L Lakshman	Mr. Om Prakash Bishnoi	Mr. Subramanian Srinivasan	Late Mr. Justice Natarajan Sivasankar
Director Identification Number (DIN)	00012602	00732640	00037542	01628318
Age (in years)	47	69	73	63
Date of Birth	February 12, 1974	July 03, 1951	April 11, 1948	July 05, 1957
Educational Qualifications	B.E. - BITS Pilani, MSM - Purdue University, USA	Graduate in petroleum engineering MBA - IIM Ahmedabad	B.Com- Madras University MBA- IIM Ahmedabad	B.com- Madras University, FCA
Experience	Mr. Harish Lakshman has over 25 years of industrial experience and has held various positions in the areas of marketing, operations, business development overseas and other corporate functions. He currently spearheads the future growth plan for Rane Group.	Mr. Pradip Kumar Bishnoi has over 42 years of experience and insights into the industries of steel, natural gas, industrial packaging, lubricants, etc.	Mr. S Sandilya holds an MBA Degree from Indian Institute of Management, Ahmedabad. He was associated with the Eicher Group, Union Carbide India Limited, Delhi Cloth & General Mills Limited. Mr. S Sandilya also currently serves as an Independent Director of Rane Brake Lining Limited.	Mr. Ramesh Rajan Natarajan is a Fellow member of the Institute of Chartered Accountants of India. He was the Executive Director / Partner for Global Assurance of PwC International and is the Founder and Senior Partner of LeapRidge Advisors LLP.
Date of first appointment on the Board	March 31, 2004	October 24, 2016	May 21, 2021	May 21, 2021
Terms and Conditions of appointment	Re-appointment as a Non-Executive Director, liable to retire by rotation.	Proposed to be re-appointed as Non-Executive Independent Director per the resolution at item no. 5 of the Notice convening seventeenth Annual General Meeting on July 20, 2021 read with explanatory statement thereto.	Proposed to be appointed as Non-Executive Independent Director per the resolution at item no. 6 of the Notice convening seventeenth Annual General Meeting on July 20, 2021 read with explanatory statement thereto.	Proposed to be appointed as Non-Executive Independent Director per the resolution at item no. 7 of the Notice convening seventeenth Annual General Meeting on July 20, 2021 read with explanatory statement thereto.
Last drawn remuneration	Sitting fee for FY 2020-21 : ₹40,000	Sitting fee for FY 2020-21 : ₹40,000	NA	NA
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.	No approval sought for remuneration. Continues to be entitled to Sitting fee for attending meetings of the Board and Committees thereof.	No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees thereof.	No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees thereof.

Name of the Director	Mr. Harish Lakshman	Mr. Pradip Kumar Bishnoi	Mr. S Sandilya	Mr. Ramesh Rajan Natarajan
Relationship with other Directors / Manager / KMP	Son of Mr. L Lakshman	-	-	-
Other Directorships	<p><b>Chairman</b> Rane t4u Limited</p> <p><b>Vice Chairman</b> Rane Engine Valve Limited Rane Holdings Limited (JMD)</p> <p><b>Director</b> Rane Brake Lining Limited Rane TRW Steering Systems Private Limited Rane NSK Steering Systems Private Limited (MD) Oriental Hotels Limited Young Presidents Organisation (Chennai Chapter) Savithur Enterprises Private Limited HL Hill Station Properties Private Limited Rane Holdings America Inc., USA Rane Light Metal Castings Inc., USA</p>	<p><b>Director</b> Avadh Sugar and Energy Limited Rane Holdings Limited</p>	<p><b>Chairman</b> Eicher Motors Limited Mastek Limited</p> <p><b>Director</b> Evolutionary Systems Private Limited GMR Infrastructure Limited Lean Management Institute of India Mastek (UK) Limited</p>	<p><b>Chairman</b> Indo- National Limited</p> <p><b>Director</b> TTK Healthcare Limited Cholamandalam Investment and Finance Company Limited Kinenco Limited</p> <p><b>Designated Partner</b> LeapRidge Advisors LLP</p>

Name of the Director	Mr. Harish Lakshman	Mr. Pradip Kumar Bishnoi	Mr. S Sandilya	Mr. Ramesh Rajan Natarajan
Committee Memberships in other Boards	Chairman - Stakeholders' Relationship Rane Brake Lining Limited	Member - Audit Avadh Sugar and Energy Limited  Member - Corporate Social Responsibility Avadh Sugar and Energy Limited  Member - Stakeholders' Relationship Avadh Sugar and Energy Limited  Member - Nomination and Remuneration Rane Holdings Limited  Chairman- Risk Management Avadh Sugar and Energy Limited	Chairman- Audit Rane Brake Lining Limited Eicher Motors Limited Mastek Limited Evolutionary Systems Private Limited  Chairman- Stakeholders' Relationship Mastek Limited  Member - Stakeholders' Relationship Eicher Motors Limited  Chairman- Nomination & Remuneration Rane Brake Lining Limited  Member - Nomination and Remuneration Eicher Motors Limited Mastek Limited Evolutionary Systems Private Limited  Chairman- Corporate Social Responsibility Eicher Motors Limited  Member- Risk Management Eicher Motors Limited	Member - Nomination and Remuneration TTK Healthcare Limited Indo- National Limited  Chairman- Nomination & Remuneration Cholamandalam Investment and Finance Limited  Chairman- Audit Indo-National Limited Cholamandalam Investment and Finance Limited  Member- Audit Kinenco Limited  Chairman- Stakeholders' Relationship Indo- National Limited  Chairman- Risk Management Indo- National Limited  Member- Risk Management Cholamandalam Investment and Finance Limited  Chairman- Corporate Social Responsibility Indo- National Limited
Number of meetings of the Board attended during the year	Six (6)	Six (6)	NA	NA
Number of equity shares held (including joint holding)*	Seven Hundred and Fifty(750)	Nil	Nil	Nil

\* No shares are held as beneficial owners in the Company by the appointees.

(ii) Annual General Meeting

Tuesday, July 20, 2021 at 15:00 hrs (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

(iii) Financial Year: April 01, 2021 - March 31, 2022

Financial Calendar:

Board meeting for approval of	Tentative schedule
Audited Annual financial results and financial statements* for the year ended March 31, 2021	May 21, 2021
Unaudited financial results* for the 1st quarter ending June 30, 2021	By fourth week of July 2021
Unaudited financial results* for the 2nd quarter ending September 30, 2021	By fourth week of October 2021
Unaudited financial results* for the 3rd quarter ending December 31, 2021	By fourth week of January 2022

(\*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

No dividend has been declared for FY 2020-21.

(v) Listing on Stock Exchanges

Stock Exchanges	Stock Code
National Stock Exchange of India Limited (NSE), Exchange Plaza, 5th 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 2020-21.

(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 ₹1,92,715.00/- for the financial year ended March 31, 2013 to IEPF on September 04, 2020. 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:

Year	Date of declaration	Dividend per share# (In ₹)	Amount outstanding in Unclaimed Dividend Account (as on 31-03-2021)^ (in ₹)	Last Date for claiming unpaid Dividend	Due date for transfer to IEPF
31.03.2014	31.07.2014	5.50	1,86,560.00	05.09.2021	05.10.2021
31.03.2015	31.07.2015	4.50	1,86,665.00	06.09.2022	06.10.2022
31.03.2016*	10.03.2016	3.50	1,97,960.00	16.04.2023	16.05.2023
31.03.2017*	23.01.2017	2.00	1,11,836.00	29.02.2024	30.03.2024
31.03.2017	24.08.2017	4.00	1,85,540.00	29.09.2024	29.10.2024
31.03.2018*	23.01.2018	4.50	1,52,334.50	28.02.2025	29.03.2025
31.03.2018	25.07.2018	7.50	1,67,025.00	31.08.2025	30.09.2025
31.03.2019*	22.01.2019	4.00	1,26,092.00	27.02.2026	26.03.2026
31.03.2019	24.07.2019	4.50	1,43,087.00	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, 2020 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).

**(vii) Transfer of shares to IEPF Authority**

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

During the year the Company has transferred to IEPF the following shares:

Year from which Dividend has remained unclaimed / unpaid for seven consecutive years	No. of shares transferred
2012-13 (Interim)	172
2012-13 (Final)	150

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 2013-14 (Final) are liable to be transferred to IEPF Authority during the current FY 2021-22. 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 read with Schedule F of Listing Regulations, the Company reports the movement of unclaimed shares in unclaimed share suspense account. 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 share 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	2	102
Shares Transferred during the year	2	102
Balance at the end of the year	5	776

**(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, 2020 – March 31, 2021 is given below:

Month	BSE		BSE Sensex		NSE		NSE Nifty	
	Share Prices (in ₹)		High	Low	Share Prices (in ₹)		High	Low
	High	Low			High	Low		
April 2020	223.00	137.00	33,887.25	27,500.79	218.00	136.00	9,889.05	8,055.80
May 2020	220.00	173.50	32,845.48	29,968.45	219.80	173.10	9,598.85	8,806.75
June 2020	268.00	198.40	35,706.55	32,348.10	267.70	191.00	10,553.15	9,544.35
July 2020	253.00	199.95	38,617.03	34,927.20	253.00	200.00	11,341.40	10,299.60
August 2020	252.75	200.00	40,010.17	36,911.23	253.45	198.25	11,794.25	10,882.25
September 2020	227.10	196.00	39,359.51	36,495.98	227.70	196.75	11,618.10	10,790.20
October 2020	221.00	193.00	41,048.05	38,410.20	221.40	192.10	12,025.45	11,347.05
November 2020	240.95	193.45	44,825.37	39,334.92	241.00	194.00	13,145.85	11,557.40
December 2020	294.65	219.00	47,896.97	44,118.10	294.85	215.90	14,024.85	12,962.80
January 2021	292.20	245.00	50,184.01	46,160.46	291.70	244.40	14,753.55	13,596.75
February 2021	395.90	265.20	52,516.76	46,433.65	396.00	268.00	15,431.75	13,661.75
March 2021	496.00	345.00	51,821.84	48,236.35	494.65	341.50	15,336.30	14,264.40

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. INR0000000544  
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: [corpserv@integratedindia.in](mailto:corpserv@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 relating to share transfer / transmission formalities is audited by a Practising Company Secretary (PCS) in terms of Regulation 40(10) of SEBI (LODR) with the stock exchanges and a certificate to this effect is filed with the stock exchanges.

A reconciliation of share capital audit in terms of regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 is taken up on a quarterly basis and the report of the PCS is filed with the stock exchanges. The report of the PCS covers whether the total listed capital of the Company is in agreement with the total number of shares in physical and dematerialized form and differences if any, between the issued and the listed capital of the Company.

(xii) Distribution of shareholding as on March 31, 2021

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	13,378	92.10	9,56,645	6.57
501 - 1000	449	3.09	3,53,750	2.43
1001 - 2000	316	2.18	4,81,461	3.31
2001 - 3000	139	0.96	3,52,609	2.42
3001 - 4000	62	0.43	2,24,177	1.53
4001 - 5000	40	0.28	1,84,984	1.27
5001 - 10000	86	0.59	6,36,460	4.37
10001 & above	55	0.38	1,13,75,223	78.10
<b>Total</b>	<b>14,525</b>	<b>100.00</b>	<b>1,45,65,309*</b>	<b>100.00</b>

\*Includes 8,49,978 equity shares allotted in demat mode on March 29, 2021 but credited subsequently on May 07, 2021

(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, 2021, about 99.45% 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:

Particulars	Number of shares - As on		% to total capital - As on	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Physical	80,115	80,669	0.55	0.64
Demat	1,44,85,194	1,24,73,222	99.45	99.36
<b>Total</b>	<b>1,45,65,309<sup>^</sup></b>	<b>1,25,53,891*</b>	<b>100.00</b>	<b>100.00</b>

<sup>^</sup> Includes 8,49,978 equity shares allotted in demat mode on March 29, 2021 but credited subsequently on May 07, 2021

\* Includes 5,80,720 equity shares allotted in demat mode on March 20, 2020 but credited subsequently on May 13, 2020

A reconciliation of share capital audited by the Practising Company Secretary is furnished every quarter to the stock exchanges, where the shares of the Company are listed. The Company is taking initiatives to reach out to investors holding shares in physical form, to dematerialize their shareholding immediately to avoid any inconvenience and avail numerous benefits of dematerialisation, which include easy liquidity / trading.

**Demat ISIN: INE050H01012**

During the year, the Company has not issued any equity share with differential voting rights nor granted stock options nor sweat equity shares. The issue of warrants convertible into equity shares have been discussed in the earlier sections of this report. The Company has not bought-back its shares from its shareholders.

**Transfer of shares in demat mode only**

As per SEBI norms, with effect from April 01, 2019, only transmission or transposition requests for transfer of securities shall be processed in physical form. All other transfers shall be processed in dematerialised form only.

(xiv) Plant locations - Refer corporate overview section of the annual report.

**(xv) 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, 2021 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+	-		
	Commercial Paper	40.00	A2+	-	Withdrawn	
CRISIL Limited	Long term	127.00	A-	Negative	Revised	15-04-2020
	Short term	371.00	A2+	-		

**(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, 2021, 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	Vice Chairman, 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,  
(Peer Review Certificate No.739/2020)

Chennai  
May 21, 2021

**K Sriram**  
Partner  
Membership No.: F6312  
Certificate of Practice No.: 2215  
UDIN: F006312C000353428

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#### 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, 2021.

Chennai  
May 21, 2021

**Gowri Kailasam**  
Manager

Annexure (iii)

**Certificate of Compliance with the Corporate Governance**

**Independent Auditors' Certificate on Compliance with the Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Members  
Rane (Madras) Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated November 13, 2020.
2. We have examined the compliance of conditions of corporate governance by Rane (Madras) Limited ('the Company') for the year ended March 31, 2021 as stipulated in regulations 17 to 27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the Stock Exchanges.

**Management's Responsibility**

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

**Auditor's Responsibility**

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2021.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note 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. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
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.

**Restriction on use**

10. The certificate is addressed and provided to the members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place : Chennai  
Date : May 21, 2021

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**S Sethuraman**  
Partner  
Membership No.: 203491  
UDIN:21203491AAAADE7402

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

# BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of SEBI LODR, 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", No.132, Cathedral Road, Chennai - 600 086; Phone: 044-28112472
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 2020-21
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:	The total number of locations where business activities undertaken by the Company - 6 nos.
	a) Number of International Locations (Provide details of major 5)	a) International locations - 1 no.- Kentucky, USA
	b) Number of National Locations	b) National locations - 11 nos.  Plants: Chennai / Mysore / Puducherry / Uttarakhand / Hyderabad / Varanavasi  Depots: Pune / Jamshedpur / Jaipur / Jalandhar / Chennai
10.	Markets served by the Company - Local / State / National / International	All

### Section B: Financial details of the Company

1. Paid-up Capital: ₹14,56,53,090/-
2. Total Turnover: ₹1,123.20 crores
3. Total profit/(loss) after taxes: ₹(50.69) crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): **Not applicable**
5. 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

1. Does the Company have any Subsidiary Company/ Companies?  
  
Yes. The Company has 2 wholly owned foreign subsidiaries including one step down subsidiary. The Company, its subsidiaries, holding company and fellow subsidiaries are collectively referred to as 'Rane Group of Companies'.
2. 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):  
  
No, the 2 wholly owned foreign subsidiaries do not participate in the Business Responsibility initiatives of the Company.
3. 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 Lakshminarayan	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 been 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 been approved by the Board? Is yes, has it been signed by the 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)									

Not applicable

### 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.

The Sustainability report is internally reviewed on a half yearly basis and the BR performance report is reviewed by the Board on an annual basis.

- (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 2020-21, the Company has received NIL complaints from investors. The Stakeholders Relationship Committee (SRC) oversees the complaints and their resolution. There are no investor complaints pending unresolved at the end of the FY 2020-21.

#### 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 with an environmentally friendly material.

- Localisation of ball joint cups for domestic and export customers.
- Stress relieving process to improve fatigue life of linkages.
- Ergonomic design of EPS using torque sensor.

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:

- Sustained 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 CO<sub>2</sub> emission reduction.
- Energy conservation projects are implemented across the plants to reduce the energy consumption.

- 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 surveys, 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 in place. 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 the 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, reduction of wastage 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: 2,013
2. Total number of employees hired on temporary/contractual/casual basis: 872
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 are 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	-	-
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 2020-21, 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.

**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 footprints 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.

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.

There are no pending show cause / legal notices from CPCB / SPCB (i.e. not resolved to satisfaction) as on the 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:

Madras Chamber of Commerce & Industry.

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Y/No; 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 with 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

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?

No formal impact assessment was carried out. However, 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. The impact of the initiative is visible as over the last four batches, 1,283 students have completed their diploma program. In the current year, 242 students completed their diploma program. Over 93% 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 is to provide 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 continuous improvement, and recognize the diversity of talent amongst children by promoting extra-curricular activities. The school is located in Theerampalayam, Manachanallur Taluk, and 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 the Directorate of School Education, Tamil Nadu and has applied for affiliation with the Central Board of Secondary Education (CBSE). In 2020-21, it reached a student strength of 380 in its third year of operations, operating from LKG to VI standard proving the need for a quality school in rural areas. The school was quick on its feet to start online classes from April 2020, through various means such as Zoom, Google Classrooms and Meet, Apps for Mathematics and English, dedicated YouTube channels etc. This was well received by the parents and students who were swift to adapt to the new modes of teaching.

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 to 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 at the end of the financial year?

The Company has a robust system for addressing customer complaints. The complaints received are analysed, appropriate countermeasure are 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 Tier 1 customers 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.

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 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 action plans are discussed with customers.

## 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 PROVISIO 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, 2021, which were not at arm's length basis.

#### 2. Details of material 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, Senior Vice President - Marketing; Son of Mr. L Ganesh, Chairman
2.	Nature of contracts / arrangements / transaction	In employment of the Company, he will be entitled to allowances, benefits, perquisites, contribution to funds, 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 President & Manager in strategic business and annual operating plans of both the steering and light metal casting 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) (formerly DCD). The value of transaction is disclosed in Note 34 of financial statements.
5.	Date of approval by the Board	Approval(s) have been obtained in terms of Section 177, 188 & other applicable provisions 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  
May 21, 2021

Harish Lakshman  
Vice-Chairman  
DIN: 00012602

Ganesh Lakshminarayan  
Chairman  
DIN: 00012583

# 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 standalone financial statements of Rane (Madras) Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities 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 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

## Emphasis of matter

We draw attention to Note 1.34 of the standalone financial statements, which describes the economic and social consequences / disruption as a result of COVID-19 which impact matters relating to supply chain, customer demand, commodity prices, personnel available for work etc.

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.

The key audit matter	How the matter was addressed in our audit
<p><b>Investments in subsidiary</b></p> <p>Refer note 1.29, 6.1 and 32.2 to the standalone financial statements.</p> <p>The Company has an investment in non-convertible redeemable preference shares in its subsidiary amounting to INR 204.91 crores as at March 31, 2021 (gross amount of investment) which is measured at fair value through profit and loss. The Company has recognised a fair value loss (carrying value impairment) of INR 62.50 crores during the year (and a cumulative fair value loss of INR 100.08 crores) on this investment as at March 31, 2021.</p> <p>The fair values were determined using a discounted cash flow model. Such determination, involves significant judgements and estimates, including estimates of revenue growth rate, terminal growth rate, discount rate and also those related to the possible effects of COVID-19.</p> <p>We have identified the aforesaid matter as a key audit matter since it involves significant judgement in making the above estimates especially in view of significant losses incurred by its step down subsidiary and the highly uncertain economic environment and hence the actual results may differ from those estimated at the date of approval of these standalone financial statements.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of accounting policy as per relevant accounting standard.</li> <li>Assessed the design and implementation of key internal financial controls and tested the operating effectiveness of such controls.</li> <li>Involved our valuation specialist to assist us in evaluating the appropriateness of the valuation model, the assumptions and methodologies used by the Company for assessing the fair value of the investment.</li> <li>Evaluated the objectivity, independence and competence of the valuation specialist engaged by Company.</li> <li>Evaluated the appropriateness of the key assumptions used in estimating future cash flows such as revenue growth rate, discount rate, terminal growth rate, including the possible effects of COVID-19. This evaluation was based on our knowledge of the Company and the industry, observable market data, past performances, consistency with the Board approved plans and inquiries of the auditors of the subsidiary.</li> <li>Performed procedures in respect of sensitivity analysis of the key assumptions used in the valuation model.</li> <li>Assessed the adequacy of the disclosures in the standalone financial statements.</li> </ul>

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises of reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report (but does not include the financial statements and our auditors' report thereon) which we obtained prior to the date of this Auditor's Report and the remaining sections or Annual report, which are expected to be made available to us after that date.

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 in the 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.

When we read the remaining sections of Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

### Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the

preparation and presentation of the standalone financial statements 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, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities 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 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 with reference to financial statements 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 in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors 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.

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 auditors' 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 Matter

The standalone financial statements of the Company for the year ended March 31, 2020 were audited by the predecessor auditors who had expressed an unmodified opinion on those standalone financial statements dated June 18, 2020.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at March 31, 2021

on its financial position in its standalone financial statements - Refer Note 38 to the 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.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. - 101248 W/W-100022

**S Sethuraman**  
Partner  
Membership No. 203491  
UDIN: 21203491AAAADC1511

Place: Chennai  
Date: May 21, 2021

## Annexure A to the Independent Auditors' Report

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets / property, plant and equipment.
- (b) The Company has a programme of physical verification of its property, plant and equipment by which property, plant and equipment are verified in a phased manner over three years. Pursuant to such programme, a portion of property, plant and equipment has been physically verified by the management during the year and no material discrepancies were noticed on such verification
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties which are freehold are held in the name of the Company. In respect of certain immovable properties of land and buildings whose title deeds have been pledged with banks as security for term loans, our reporting under this clause is based on confirmations received from such banks that the immovable properties are held in the name of the Company. In respect of immovable properties 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) Inventory, except goods in transit and certain stocks lying with third parties has been physically verified by the management during the year. In our opinion, the frequency of such physical verification is reasonable. Based on the information and explanations given to us, no material discrepancies were noticed during such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans during the year to parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii)(a) of the Order is not applicable. In respect of the loans granted during the prior years to one party covered in the register maintained under section 189 of the Act, the schedule of repayment of principal and payment of interest respectively has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations and that there is no overdue amount remaining outstanding as at March 31, 2021.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments and guarantees given. As explained, the Company has not given any security as at March 31, 2021.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act in respect of any of the activities of the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of value added tax, sales tax, duty of excise, service tax and cess.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, and any other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues of income tax, sales tax, service tax, duty of excise and value added tax that have not been deposited by the Company on account of disputes is set out in Appendix I.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks or financial institutions. The Company has not taken any loans or borrowings from government and has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt

instruments) during the year. According to information and explanations given to us, money raised through term loans during the year has been utilised for the purpose for which there were raised.

- (x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of records of the Company, the managerial remuneration for the year ended March 31, 2021 has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act and rules framed thereunder.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of section 188 and 177 of the Act, where applicable and the details of the such transactions have been disclosed in the standalone Ind AS financial statements as required by the Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year, in respect of which, the requirements of section 42 of the Companies Act, 2013, as applicable, have been complied with; and the amounts raised have been applied for the purposes for which the funds were raised. The Company has not issued any debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. - 101248 W/W-100022

**S Sethuraman**  
Partner  
Place: Chennai  
Date: May 21, 2021  
Membership No. 203491  
UDIN: 21203491AAAADC1511

## Annexure B to the Independent Auditors' report

on the standalone financial statements of Rane (Madras) Limited for the year ended March 31, 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

### Opinion

We have audited the internal financial controls with reference to financial statements of Rane (Madras) Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements 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 "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to financial statements.

### Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 Standalone financial statements.

### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to Standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. - 101248 W/W-100022

S Sethuraman

Partner

Place: Chennai

Date: May 21, 2021

Membership No. 203491

UDIN: 21203491AAAADC1511

## Appendix I to the Independent Auditors' Report

Details of material statutory dues which have not been deposited on account of any dispute

Nature of dues	Name of the statute	Forum where the dispute is pending	Period to which the amount relates	Disputed amount (in INR crores)	Amounts unpaid (in INR crores) *
Excise Duty	Central Excise Act, 1945	Customs, Goods & Service tax Appellate Tribunal, Chennai	2012-13	0.75	-
Service Tax	Finance Act, 1994	Customs, Goods & Service tax Appellate Tribunal, Chennai	2007-08 to 2011-12	0.72	-
		Customs, Goods & Service tax Appellate Tribunal, Chennai	2007-08 to 2011-12	0.20	0.20
		Assistant Commissioner, Nizamabad	2011-12	0.07	0.04
Sales tax /VAT	Maharashtra VAT Act, 2002	Commissioner of Sales Tax (Appeals), Pune	2005-06, 2006-07 and 2008-09	1.10	1.08
	Tamil Nadu Value Added Tax Act, 2006	Additional Commissioner, Alandur, Tamil Nadu	2011-12 to 2015-16	0.28	-
	Tamil Nadu Value Added Tax Act, 2006	Additional Commissioner, Alandur, Tamil Nadu	2014-15, 2016-17 and 2017-18	1.93	1.93
	Karnataka Value Added Tax Act, 2003	Commissioner of Sales Tax (Appeals), Mysore	2013-14 to 2016-17	0.46	0.46
	Puducherry Value Added Tax Act, 2007	Commissioner of Sales Tax (Appeals), Pondicherry	2010-11	0.05	0.01
	Uttarakhand Value Added Tax Act, 2005	Joint commissioner of Sales Tax (Appeals), Uttaranchal	2011-12	0.60	0.59
Sales tax /VAT	Haryana Value Added Tax Act, 2003	Commissioner of Sales Tax (Appeals)- Gurgaon	2014-15	0.01	0.01
	Telangana Value Added Tax Act, 2005	Telangana High Court	2012-13	1.40	1.40
	Telangana Entry of Goods into Local Areas Act, 2001	AP & Telangana High Court	2011-12 to 2017-18	1.07	0.80
	Telangana Value Added Tax Act, 2005	Commissioner (Appeals)	2012-13 to 2015-16	0.07	0.05
Income tax	Income Tax Act, 1961	Supreme Court	1997-98	0.31	0.31
		Commissioner of Income Tax (Appeals)	2008-09	7.52	5.52
		Commissioner of Income Tax (Appeals)	2009-10	0.19	0.19
		Commissioner of Income Tax (Appeals)	2010-11	1.91	1.91
		Commissioner of Income Tax (Appeals)	2012-13	2.39	1.82
		Commissioner of Income Tax (Appeals)	2013-14	0.13	0.13
		Commissioner of Income Tax (Appeals)	2016-17	3.14	3.14
		Commissioner of Income Tax (Appeals)	2018-19	0.46	0.46

\* Net of amount paid under protest.

# STANDALONE BALANCE SHEET

## FOR THE YEAR ENDED MARCH 31, 2021

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

S. No	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>A.</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
(a)	Property, plant and equipment	2	305.22	325.57
(b)	Capital work in progress	2	15.27	10.15
(c)	Right of use assets	3	6.62	3.68
(d)	Goodwill	4	4.06	4.06
(e)	Other intangible assets	5	0.28	0.59
(f)	Financial assets			
(i)	Investments	6	107.45	80.25
(ii)	Loans	7	-	33.83
(iii)	Other financial assets	8	51.29	49.90
(g)	Income tax assets (Net)	9	16.62	14.46
(h)	Other non current assets	10	23.26	7.53
	<b>Total non-current assets</b>		<b>530.07</b>	<b>530.02</b>
	<b>Current Assets</b>			
(a)	Inventories	11	132.48	133.44
(b)	Financial assets			
(i)	Trade receivables	12	242.22	162.91
(ii)	Cash and cash equivalents	13	6.52	16.52
(iii)	Bank balances other than (ii) above	14	0.15	0.18
(iv)	Loans	7	0.22	0.23
(v)	Other financial assets	8	6.97	5.69
(c)	Other current assets	10	27.40	17.09
	<b>Total current assets</b>		<b>415.96</b>	<b>336.06</b>
	<b>TOTAL ASSETS</b>		<b>946.03</b>	<b>866.08</b>
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
(a)	Equity share capital	15	14.57	12.55
(b)	Other equity	16	293.70	288.38
	<b>Total Equity</b>		<b>308.27</b>	<b>300.93</b>
	<b>Liabilities</b>			
	<b>Non-current liabilities</b>			
(a)	Financial liabilities			
(i)	Borrowings	17A	89.26	139.82
(ii)	Other financial liabilities	18	6.04	3.19
(b)	Provisions	19	5.89	6.09
(c)	Deferred tax liability (Net)	21	1.77	1.69
(d)	Other non-current liabilities	20	10.99	4.63
	<b>Total non-current liabilities</b>		<b>113.95</b>	<b>155.42</b>
	<b>Current liabilities</b>			
(a)	Financial liabilities			
(i)	Borrowings	17B	172.61	158.95
(ii)	Trade payables	22		
	(a) Total outstanding dues of Micro enterprises and Small enterprises		4.81	9.03
	(b) Total outstanding dues of creditors other than Micro enterprises and Small enterprises		257.90	145.35
(iii)	Other financial liabilities	18	69.81	74.82
(b)	Other current liabilities	20	8.12	4.71
(c)	Provisions	19	10.56	16.87
	<b>Total current liabilities</b>		<b>523.81</b>	<b>409.73</b>
	<b>TOTAL LIABILITIES</b>		<b>637.76</b>	<b>565.15</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>946.03</b>	<b>866.08</b>

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

**Ganesh Lakshminarayan**

Chairman

DIN:00012583

**B Gnanasambandam**

Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**

Vice Chairman

DIN:00012602

**Gowri Kailasam**

Manager

**S Subha Shree**

Company Secretary

Chennai

May 21, 2021

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

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

S.No	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I	Revenues from operations	23	1,147.15	1,100.52
II	Other income	24	3.90	18.71
III	<b>Total income (I+II)</b>		<b>1,151.05</b>	<b>1,119.23</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	25	728.48	683.04
	Changes in inventories of finished goods and work-in-progress	26	4.24	14.16
	Employee benefits expense	27	133.99	141.94
	Finance costs	28	23.46	31.95
	Depreciation and amortisation expense	29	52.30	52.42
	Other expenses	30	191.12	181.59
	<b>Total expenses (IV)</b>		<b>1,133.59</b>	<b>1,105.10</b>
V	<b>Profit/(Loss) before exceptional items (III-IV)</b>		<b>17.46</b>	<b>14.13</b>
VI	Exceptional items	6.1	62.50	37.58
VII	<b>Profit/(Loss) before tax (V-VI)</b>		<b>(45.04)</b>	<b>(23.45)</b>
VIII	<b>Tax expense:</b>			
	(1) Current tax	31	7.16	3.69
	(2) Deferred tax	31	(1.51)	(2.71)
			5.65	0.98
IX	<b>Profit/(Loss) for the year (VII-VIII)</b>		<b>(50.69)</b>	<b>(24.43)</b>
	<b>Other comprehensive income</b>			
A.	Items that will not be reclassified to statement of profit and loss Remeasurements of the defined benefit plans		0.32	(2.49)
	Income tax relating to items that will not be reclassified to statement of profit and loss		(0.08)	0.87
			0.24	(1.62)
B.	Items that will be reclassified to statement of profit and loss Effective portion of gains and loss on hedging instruments in a cash flow hedge		4.29	(4.29)
	Income tax relating to items that will be reclassified to statement of profit and loss		(1.50)	1.50
			2.79	(2.79)
X	<b>Total other comprehensive income/(loss) (A+B)</b>		<b>3.03</b>	<b>(4.41)</b>
XI	<b>Total comprehensive income/(loss) for the year (IX+X)</b>		<b>(47.66)</b>	<b>(28.84)</b>
XII	<b>Earnings per equity share (Nominal value per share ₹10)</b>			
	(a) Basic (In ₹)	36	(39.51)	(20.37)
	(b) Diluted (In ₹)	36	(39.51)	(20.37)

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

**Ganesh Lakshminarayan**

Chairman

DIN:00012583

**B Gnanasambandam**

Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**

Vice Chairman

DIN:00012602

**Gowri Kailasam**

Manager

**S Subha Shree**

Company Secretary

Chennai

May 21, 2021

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2021

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

**A. Equity share capital**

Description	Amount
As at April 1, 2019	11.97
Changes in equity share capital	0.58
As at March 31, 2020	12.55
Changes in equity share capital	2.02
As at March 31, 2021	14.57

**B. Other equity**

Description	Reserve and Surplus						Items of OCI		Money Received against share warrants	Total Equity
	General Reserve	Securities Premium	Capital Redemption Reserve	Amalgamation adjustment Account	Retained Earnings	Total reserves and surplus	Effective portion of cash flow hedges	Total items of OCI		
Balance as at April 1, 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/(loss) 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
Transfer from retained earnings	25.83	-	-	-	(25.83)	-	-	-	-	-
Contribution by and distribution to owners	-	-	-	-	-	-	-	-	-	-
Money received against share warrants	-	-	-	-	-	-	-	-	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)
Balance as at March 31, 2020	185.89	98.20	12.73	(0.20)	(13.78)	282.84	(2.79)	(2.79)	8.33	288.38
Profit/(Loss) for the year	-	-	-	-	(50.69)	(50.69)	-	-	-	(50.69)
Other comprehensive income/(loss) for the year	-	-	-	-	0.32	0.32	4.29	4.29	-	4.61
Income tax on OCI Items	-	-	-	-	(0.08)	(0.08)	(1.50)	(1.50)	-	(1.58)
Total comprehensive income for the year	185.89	98.20	12.73	(0.20)	(64.23)	232.39	-	-	8.33	240.72
Contribution by and distribution to owners	-	-	-	-	-	-	-	-	-	-
Money received against share warrants	-	-	-	-	-	-	-	-	1.67	1.67
Premium on preferential issue of equity shares	-	51.31	-	-	-	51.31	-	-	-	51.31
Balance as at March 31, 2021	185.89	149.51	12.73	(0.20)	(64.23)	283.70	-	-	10.00	293.70

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

**Ganesh Lakshminarayan**

Chairman

DIN:00012583

**B Gnanasambandam**

Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**

Vice Chairman

DIN:00012602

**Gowri Kailasam**

Manager

**S Subha Shree**

Company Secretary

Chennai

May 21, 2021

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) for the year	(50.69)	(24.43)
Adjustments for :		
Income tax expense recognised in profit and loss	5.65	0.98
Finance costs recognised in profit and loss	23.46	31.95
Interest income recognised in profit and loss	(1.47)	(2.24)
Net loss/(gain) on disposal of property, plant and equipment	(0.11)	(0.15)
Government grant income	(1.68)	(1.54)
Income relating to financial guarantees	(0.22)	(0.37)
Unrealised exchange Loss/(Gain)	(0.14)	(8.07)
Impairment loss on financial assets	1.54	(3.61)
Depreciation and amortisation	52.30	52.42
Fair value change on investments recognised at FVTPL	62.50	37.58
	<b>91.14</b>	<b>82.52</b>
<b>Movements in working capital :</b>		
(Increase) / decrease in trade receivables	(80.48)	61.32
(Increase) / decrease in inventories	0.96	21.28
(Increase) / decrease in other non current financial assets	(5.98)	(9.81)
(Increase) / decrease in other current financial assets	(0.72)	3.43
(Increase) / decrease in other current / non current assets	(16.46)	9.08
(Increase) / decrease in loans	0.01	0.01
Increase / (decrease) in trade payables	108.40	(36.44)
Increase / (decrease) in long term provisions	(0.20)	(0.12)
Increase / (decrease) in short term provisions	(5.98)	(1.65)
Increase / (decrease) in other current / non current financial liabilities	14.46	(5.49)
Increase / (decrease) in other non current liabilities	7.93	-
Increase / (decrease) in other current liabilities	3.44	0.48
<b>Cash generated from operations</b>	<b>116.52</b>	<b>124.61</b>
Income tax paid	(9.32)	(8.20)
<b>Net cash (used in) / generated by operating activities</b>	<b>107.20</b>	<b>116.41</b>
<b>B. Cash flow from investing activities</b>		
Interest received	5.95	(0.09)
Investments in NCRPS of subsidiaries	(89.25)	(97.76)
Proceeds from repayment of loans given	33.82	-
Payments for property, plant and equipment	(46.22)	(37.70)
Proceeds from disposal of property, plant and equipment	0.18	1.05
Bank Balances not considered as cash and cash equivalents	0.03	0.01
<b>Net cash (used in) / generated by investing activities</b>	<b>(95.49)</b>	<b>(134.49)</b>

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	2.02	0.58
Proceeds from share premium on equity shares	51.31	16.09
Money received against share warrants	1.67	8.33
Proceeds from long term borrowings	23.64	106.36
Repayment of long term borrowings	(89.13)	(56.60)
Proceeds from short term borrowings	286.31	-
Repayment of short term borrowings	(274.74)	(12.52)
Dividend paid	-	(5.39)
Tax on dividend	-	(1.11)
Interest paid	(23.45)	(30.81)
Payment of lease liabilities	(1.09)	(1.01)
<b>Net cash (used in)/ generated by financing activities</b>	<b>(23.46)</b>	<b>23.92</b>
<b>Net increase in cash and cash equivalents</b>	<b>(11.75)</b>	<b>5.84</b>
Cash and cash equivalents at the beginning of the year (Refer note 13)	16.47	10.61
<b>Cash and Cash equivalents at the end of the year (Refer note 13)</b>	<b>4.72</b>	<b>16.47</b>

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

**Ganesh Lakshminarayan**

Chairman

DIN:00012583

**B Gnanasambandam**

Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**

Vice Chairman

DIN:00012602

**Gowri Kailasam**

Manager

**S Subha Shree**

Company Secretary

Chennai

May 21, 2021

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(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 the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, as amended from time to time. The Company has consistently applied accounting policies to all periods.

#### 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.

Items	Measurement basis
Certain financial assets and liabilities (including forward contracts)	Fair value
Investments	Fair value
Defined benefit liability / plan assets	Present value of defined benefit obligation / plan assets

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. For qualifying assets, borrowing costs are capitalised in accordance with Ind AS 23 - Borrowing costs.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. 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. Property, plant and equipment are subsequently measured at cost less depreciation and impairment loss.

#### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment

#### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### 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

## Notes forming part of the Standalone financial statements

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in Schedule II of the Companies Act, 2013, using the straight-line method or 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	Management estimate of useful Life (in years)	Useful life as per Schedule II (in years)
Buildings	30 years	30 Years
Plant and equipment	3 - 15 years	15 years
Vehicles	5 Years	6 years
Furniture & Fixtures	5 Years	10 years
Office Equipment (other than computers)	3 Years	5 years
Computers, Server and networks	3-4 Years	3-6 years

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 is not amortised but it is tested for impairment annually, or more frequently 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

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

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.

#### 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

### 1.14 Impairment of tangible and intangible assets including goodwill

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 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 are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset.

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.

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

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

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

## Notes forming part of the Standalone financial statements

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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.

### 1.17 Inventories

Inventories are valued at the lower of cost on 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.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realisable value is made on an item-by-item basis.

### 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 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

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

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 or loss in the period in which they arise except for qualifying cash flow hedges to the extent that the hedges are effective.

### 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 (i.e. when products are delivered to customers or when delivered to a carrier, as the case may be) at an amount that reflects the consideration that the Company expects to receive in exchange for those products or services. Revenue is reduced for estimated discounts and other similar allowances.

Revenue from services are recognised when the performance obligations that are satisfied over a period of time.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

### 1.22 Other income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

### 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 or 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 income in the balance sheet and transferred to profit or loss on a systematic 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 or 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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly

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contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

##### 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 12 months from the end of the year are treated as short term employee benefits. Those that are expected to be encashed after 12 months from the end of the year are treated as other long-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. The obligation is measured on the basis of an annual independent actuarial valuation using the

## Notes forming part of the Standalone financial statements

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projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

### 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.

### 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 expected to be recovered from a third party, a receivable is recognised as an asset if it is

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

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 current tax 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/(Loss) 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 except for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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 Company 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 Company 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 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 or 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 recognised in other comprehensive income or directly in equity respectively.

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

### 1.29 Financial instruments

#### i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (except trade receivables and contract asset) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### ii. Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company has irrevocably elected to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company has irrevocably designated a financial asset that otherwise meets the requirements to be measured

## Notes forming part of the Standalone financial statements

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at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

### Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.
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### Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### iii. Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

extinguished and the new financial liability with modified terms is recognised in profit or loss.

### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### v. Derivative financial instruments and hedge accounting

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

### Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### 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.

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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 115.

### 1.30 Fair Value

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 1.31 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

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

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.

### 1.32 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.

### 1.33 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 of the Company 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 segment, namely components for transportation industry.

### 1.34 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 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

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

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.

### Assumptions and estimation uncertainties

Important estimates relate largely to fair valuation of investments, provisions, employee benefit plans, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities, valuation of inventories 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.

### Estimation of uncertainties relating to the global health pandemic from COVID-19

COVID-19 pandemic has rapidly spread throughout the world, including India. Governments have taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions on activities. Consequently, the Company's manufacturing plants and offices had to be closed down / operate under restrictions for a period of time during the year. These measures have an impact on matters relating to commodity prices, supply chain matters, customer demand, personnel available for work and for being available to access offices etc.

The Company has considered the possible effects that may result from the continued effect of the pandemic on the carrying amounts of assets (net of impairment losses), capital and financial resources, profitability, liquidity position, internal financial controls etc. In developing the assumptions relating to the possible future uncertainties, the Company, as at the date of approval of these financial statements has used internal and external sources of information and based on current estimates expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements dependent on circumstances that evolve in the future. The Company will continue to closely monitor any material changes to future economic conditions.

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

### 1.35 Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

(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, 2021	As at March 31, 2020
<b>Carrying amounts of:</b>		
Freehold land	26.07	26.07
Buildings	74.64	77.23
Plant and equipment	201.38	217.23
Furniture and Fixtures	0.81	1.23
Office Equipments	2.12	3.52
Vehicles	0.20	0.29
<b>Sub Total</b>	<b>305.22</b>	<b>325.57</b>
Capital Work-in-progress	15.27	10.15
<b>Total</b>	<b>320.49</b>	<b>335.72</b>

## Gross Block

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at April 1, 2019	26.07	88.42	354.67	3.27	9.36	0.64	482.43
Additions	-	1.90	36.18	0.59	1.93	0.10	40.70
Disposals	-	(0.06)	(0.82)	(0.01)	(0.05)	-	(0.94)
Balance as at March 31, 2020	26.07	90.26	390.03	3.85	11.24	0.74	522.19
Additions	-	1.07	28.85	0.15	0.58	-	30.65
Disposals	-	-	(0.20)	-	-	-	(0.20)
Balance as at March 31, 2021	26.07	91.33	418.68	4.00	11.82	0.74	552.64

## Accumulated depreciation

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at April 1, 2019	-	9.42	128.60	1.96	5.69	0.35	146.02
Depreciation expense	-	3.61	44.20	0.66	2.03	0.10	50.60
Balance as at March 31, 2020	-	13.03	172.80	2.62	7.72	0.45	196.62
Disposals	-	-	(0.14)	-	-	-	(0.14)
Depreciation expense	-	3.66	44.64	0.57	1.98	0.09	50.94
Balance as at March 31, 2021	-	16.69	217.30	3.19	9.70	0.54	247.42
Carrying amount as at March 31, 2020	26.07	77.23	217.23	1.23	3.52	0.29	325.57
Carrying amount as at March 31, 2021	26.07	74.64	201.38	0.81	2.12	0.20	305.22

Movement in capital work in progress is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
As at the beginning of the year	10.15	12.13
Additions / (Capitalisations)	5.12	(1.98)
As at the end of the year	15.27	10.15

## 3 Right of use assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amounts of:</b>		
Right of use assets	6.62	3.68
<b>Total</b>	<b>6.62</b>	<b>3.68</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

Particulars	Land	Buildings	Vehicles	Others	Total
<b>Cost</b>					
Balance as at April 1, 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	-	-	-	-	-
Balance as at March 31, 2020	2.20	0.88	1.29	0.18	4.55
Additions	3.16	0.96	-	-	4.12
Disposals	-	-	(0.41)	-	(0.41)
Balance as at March 31, 2021	5.36	1.84	0.88	0.18	8.26
<b>Accumulated depreciation</b>					
Balance as at April 1, 2019	-	-	-	-	-
Depreciation expense	0.09	0.40	0.34	0.04	0.87
Balance as at March 31, 2020	0.09	0.40	0.34	0.04	0.87
Depreciation expense	0.20	0.43	0.33	0.02	0.98
Disposals	-	-	(0.21)	-	(0.21)
Balance as at March 31, 2021	0.29	0.83	0.46	0.06	1.64
Carrying amount as at March 31, 2020	2.11	0.48	0.95	0.14	3.68
Carrying amount as at March 31, 2021	5.07	1.01	0.42	0.12	6.62

### 4 Goodwill

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Cost</b>	4.06	4.06
Accumulated impairment losses	-	-
<b>Total</b>	4.06	4.06

#### Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to the identified cash-generating units - Light Metal Castings India.

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU)-Light Metal Castings India is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets for a five year period approved by management.

#### Key assumptions used for value-in-use calculations

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use is based on the following key assumptions:

in percent	As at March 31, 2021	As at March 31, 2020
Discount rate	12.77%	11.29%
Terminal value growth rate	3.00%	3.00%
Budgeted revenue growth rate	20.72%	16.73%

The discount rate is a pre-tax measure based on the rate of 10 year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Five years of cash flows have been included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the growth rate estimated by management.

Based on the assessment, management has concluded that there is no impairment for Goodwill. Further, application of sensitivities over the above assumptions would not result in an impairment loss as at the year end.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

## 5 Other intangible assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amounts of:</b>		
Software Licence	0.28	0.59
<b>Total</b>	<b>0.28</b>	<b>0.59</b>
<b>Particulars</b>	<b>Software Licence</b>	
Cost		
Balance as at April 1, 2019		3.59
Additions		0.15
Disposals		-
<b>Balance as at March 31, 2020</b>		<b>3.74</b>
Additions		0.07
Disposals		-
<b>Balance as at March 31, 2021</b>		<b>3.81</b>
Accumulated amortisation		
Balance as at April 1, 2019		2.20
Amortisation expense		0.95
<b>Balance as at March 31, 2020</b>		<b>3.15</b>
Amortisation expense		0.38
<b>Balance as at March 31, 2021</b>		<b>3.53</b>
<b>Carrying amount as at March 31, 2020</b>		<b>0.59</b>
<b>Carrying amount as at March 31, 2021</b>		<b>0.28</b>

## 6 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investments in equity instruments (fully paid-up) (Unquoted) at cost</b>		
<b>Investment In Subsidiaries</b>		
Rane (Madras) International Holdings, B.V (20,000 number of equity shares @ Euro 1 each)	0.15	0.15
<b>Sub total</b>	<b>0.15</b>	<b>0.15</b>
<b>Investments at FVTPL</b>		
<b>Investment In Subsidiaries</b>		
(2,38,04,000 number of NCRPS (March 31, 2020-1,38,54,000 number of NCRPS) @ Euro 1 each) in Rane (Madras) International Holdings, B.V	204.91	115.21
Less: Fair value change on investments recognised at FVTPL (Refer Note 6.1)	(100.08)	(37.58)
<b>Sub total</b>	<b>104.83</b>	<b>77.63</b>
Fair value of financial guarantee given to subsidiaries	1.87	1.87
<b>Other investments</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>107.45</b>	<b>80.25</b>
Aggregate carrying value of unquoted investments	207.53	117.83
Aggregate amount of impairment / Fair value change on investments recognised at FVTPL	100.08	37.58

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

- 6.1 During the year ended March 31, 2021, the Company had assessed the carrying value of its investment in a subsidiary and considered the fair value changes thereto resulting in an carrying value impairment aggregating to INR 62.50 crores being shown as an exceptional item for the year ended March 31, 2021 (March 31, 2020: INR 37.58 crores). In order to carry out the above assessment, projections of future cash flows of the operating step-down subsidiary 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 statements may differ from that estimated as at the date of approval of these financial statements depending on the circumstances that may evolve in the future. Refer Note 32.2 for the details of key assumptions and sensitivities surrounding those assumptions.

### 7 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Loans receivable considered good - Unsecured		
a. Loans to related parties - carried at amortized cost (Refer Note 34)	-	33.83
<b>Total</b>	-	33.83
<b>Current</b>		
Loans receivable considered good - Unsecured		
a. Loans to employees	0.22	0.23
<b>Total</b>	0.22	0.23

### 8 Other financial assets

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Security Deposits	5.29	8.30	-	-
Insurance Claims	9.01	10.08	-	1.28
Claims receivable	-	-	0.58	0.13
Margin money Deposits (Refer note below)	-	-	0.12	0.12
Interest receivable	-	4.60	0.48	0.36
Tooling related receivables	36.99	26.92	-	-
Derivative assets	-	-	0.45	-
Export Entitlements	-	-	5.34	3.80
<b>Total</b>	51.29	49.90	6.97	5.69

**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, 2021	As at March 31, 2020
Opening Balance	14.46	9.95
Less: Current tax payable for the year	(7.16)	(3.69)
Add: Taxes paid	9.32	8.20
<b>Closing Balance</b>	16.62	14.46

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

## 10 Other assets

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Unsecured and considered good unless otherwise stated :				
Capital advances	11.42	1.84	-	-
Advances paid to suppliers	-	-	10.86	3.88
Advance to employees	-	-	0.12	0.12
Balance with statutory authorities	-	-	11.21	7.30
Deposit with government authorities	8.46	5.07	-	-
Prepaid expenses	3.38	0.62	5.21	5.79
<b>Total</b>	<b>23.26</b>	<b>7.53</b>	<b>27.40</b>	<b>17.09</b>

## 11 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
(At lower of cost and net realisable value)		
Raw materials	38.21	34.93
Work-in-progress	16.18	11.11
Finished goods	45.97	64.73
Stores and spares	19.01	19.01
Goods in transit (Finished Goods)	13.11	3.66
<b>Total</b>	<b>132.48</b>	<b>133.44</b>

During the year ended March 31, 2021, the Company recorded inventory write-down expenses of INR 2.37 crores. The mode of valuation of inventories has been stated in note 1.17

## 12 Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<b>From Related parties</b>		
Trade Receivables Considered good - Unsecured	2.48	2.56
Trade receivable - Credit impaired	-	-
<b>Sub Total</b>	<b>2.48</b>	<b>2.56</b>
<b>From Others</b>		
Trade Receivables Considered good - Unsecured	239.74	160.35
Trade receivable - Credit impaired	2.85	1.31
<b>Sub Total</b>	<b>242.59</b>	<b>161.66</b>
Less: Allowance for credit impaired (expected credit loss allowance)	(2.85)	(1.31)
<b>Total</b>	<b>242.22</b>	<b>162.91</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 over a rolling period of past 24 months and b) actual amount of outstanding receivables as on the reporting date.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

(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, 2021	As at March 31, 2020
Balance at the beginning of the year	1.31	4.92
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	1.54	(3.61)
Bad debts written off/written back	-	-
Balance at the end of the year	2.85	1.31

### 13 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks (including deposits with original maturity upto 3 months)		
In Current account	4.34	12.26
In EEFC account	1.99	4.07
In Deposit account	-	-
Cash on hand	0.19	0.19
Total	6.52	16.52

#### Reconciliation of cash and cash equivalents to cash flow statement

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents as above	6.52	16.52
Add: Exchange loss/(Gain) on EEFC account	-	(0.05)
Bank overdraft availed for cash management purposes	(1.80)	-
Total	4.72	16.47

### 14 Other bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks in earmarked accounts		
In Unpaid Dividend account	0.15	0.18
Total	0.15	0.18

### 15 Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>AUTHORISED :</b>		
Equity Shares:		
2,50,00,000 equity shares of ₹10 each	25.00	25.00
Preference shares:		
1,05,00,000 preference shares of ₹10 each	10.50	10.50
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,45,65,309 equity shares of ₹10 each fully paid-up	14.57	12.55
1,45,65,309 fully paid equity shares of ₹10 each (as at March 31, 2020 : 1,25,53,891 fully paid equity shares of ₹10 each)	14.57	12.55

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

## 15.1 Movement in equity share capital

Particulars	2020-21		2019-20	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Equity Shares of ₹10 each fully paid up				
At the beginning of the year	1,25,53,891	12,55,38,910	1,19,73,171	11,97,31,710
Allotment of shares under preferential issue	20,11,418	2,01,14,180	5,80,720	58,07,200
At the end of the year	1,45,65,309	14,56,53,090	1,25,53,891	12,55,38,910

## 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, 2021		March 31, 2020	
	Nos.	%	Nos.	%
Rane Holdings Ltd	99,72,816	68.47%	79,61,398	63.42%

## 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, 2021		March 31, 2020	
	Nos.	%	Nos.	%
Rane Holdings Ltd	99,72,816	68.47%	79,61,398	63.42%

## 15.4 Information regarding issue of shares in the last five years

- (a) The Company has not issued any shares without payment being received in cash.  
 (b) The Company has not issued any bonus shares.  
 (c) The Company has not undertaken any buy-back of shares.

## 16 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
General Reserve	185.89	185.89
Securities Premium	149.51	98.20
Amalgamation adjustment account	(0.20)	(0.20)
Capital redemption reserve	12.73	12.73
Money Received against Share warrant	10.00	8.33
Retained Earnings	(64.23)	(13.78)
Cash flow hedging reserve	-	(2.79)
Total	293.70	288.38

Particulars	As at March 31, 2021	As at March 31, 2020
General Reserve		
Opening balance	185.89	160.06
Add : Addition during the year	-	25.83
Closing balance	185.89	185.89

## Notes forming part of the Standalone financial statements

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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, 2021	As at March 31, 2020
<b>Securities Premium</b>		
Opening balance	98.20	82.11
Add :Addition during the year	51.31	16.09
<b>Closing balance</b>	<b>149.51</b>	<b>98.20</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.

Particulars	As at March 31, 2021	As at March 31, 2020
<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. The Company established this reserve at the time of business combinations made in the earlier years.

Particulars	As at March 31, 2021	As at March 31, 2020
<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.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Money Received against Share warrant</b>		
Opening balance	8.33	-
Add :Additions/(Deletions) during the year	1.67	8.33
<b>Closing balance</b>	<b>10.00</b>	<b>8.33</b>

Amounts received against share warrants that are pending to be allotted as at the balance sheet date are disclosed as 'Money received against share warrants.'

The closing balance represents monies received from Rane Holdings Limited (Holding company) on account of Preferential issue of share warrants that were allotted. The terms of share warrants are such that the 25% of purchase price is to be paid upfront on warrant issue and allotment and the balance 75% is to be paid at the time of conversion of shares warrants to equity shares. These warrants are convertible into equity shares of the Company within a period of 18 months from the date of allotment of warrant.

During the year ended March 31, 2021, the Company has received ₹25 crores from Rane Holdings Limited as warrant exercise price towards conversion of the outstanding 11,61,440 warrants issued on preferential basis and has allotted

## Notes forming part of the Standalone financial statements

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equivalent equity shares of ₹10 each fully paid up on January 07, 2021. Consequently, the issued and paid up capital stands increased by 11,61,440 equity shares of ₹10/- each fully paid-up.

The Company also received ₹15 crores from Rane Holdings Limited as warrant subscription price for 25,49,936 warrants convertible into equity shares of ₹10/- each that were issued and allotted on preferential basis on January 29, 2021. Of the 25,49,936 warrants, 8,49,978 warrants were converted and on conversion the Company received ₹15 crores from Rane Holdings Limited as warrant exercise price towards such conversion and has allotted equivalent equity shares of ₹10/- each fully paid.

The details of the movement in money received against share warrants during the current year is set out below:

Particulars	No. of warrants	Amount in INR crores
Opening balance	11,61,440	8.33
Changes in share warrants during the year 20-21		
Warrant money received towards exercise of warrants issued during FY 19-20	11,61,440	25.00
Less: Transfer to share capital and premium upon warrant conversion during FY20-21 in respect of warrants issued during FY 19-20		(33.33)
Warrant money received against allotment of new warrants during FY 20-21	25,49,936	15.00
Warrant money received towards partial exercise of warrants issued during FY 20-21	8,49,978	15.00
Less: Transfer to share capital and premium upon warrant conversion during FY20-21 in respect of warrants issued during the year		(20.00)
Sub-total		1.67
Closing balance		10.00

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Retained Earnings</b>		
Balance at the beginning of the year	(13.78)	44.60
Profit/(Loss) attributable to equity shareholders of the company	(50.69)	(24.43)
Other comprehensive income/(loss) arising from remeasurement of defined benefit obligation net of income tax	0.24	(1.62)
Transfer to Capital Redemption reserve	-	-
Transfer to General Reserve	-	(25.83)
Payment of dividend on equity shares	-	(6.50)
<b>Balance at the end of the year</b>	<b>(64.23)</b>	<b>(13.78)</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.

Balance of retained earnings at the end of the year includes cumulative other comprehensive loss arising from remeasurement of defined benefit obligations, net of tax, amounting to INR 3.03 crores as at March 31, 2021 (March 31, 2020: INR 3.27 crores)

The board has not declared dividend for the year ended March 31, 2021 and March 31, 2020.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Hedging Reserve</b>		
Balance at the beginning of the year	(2.79)	-
Gain / (loss) recognised on cash flow hedges	4.29	(4.29)
Income tax relating to gain/loss recognised on cash flow hedges	(1.50)	1.50
<b>Balance at the end of the year</b>	<b>-</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

## Notes forming part of the Standalone financial statements

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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.

As at March 31, 2021, the Company does not have any foreign currency forward contracts which are designated as hedge instruments and hence all gains and losses in respect of such contracts have been recorded in the statement of profit and loss.

### 17A Non-current borrowings

Particulars	Non-Current		Current Maturities (Refer Note 18)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - at amortised cost</b>				
Term Loans				
- from banks	-	30.00	-	-
<b>Sub Total</b>	<b>-</b>	<b>30.00</b>	<b>-</b>	<b>-</b>
<b>Secured - at amortised cost</b>				
Term Loans				
- from banks	89.26	109.82	43.96	58.89
<b>Sub Total</b>	<b>89.26</b>	<b>109.82</b>	<b>43.96</b>	<b>58.89</b>
<b>Total</b>	<b>89.26</b>	<b>139.82</b>	<b>43.96</b>	<b>58.89</b>

#### Summary of borrowing arrangements

Secured loans include loan from banks. The Secured Loans outstanding as at March 31, 2021 and 2020 are secured by a charge created on the Company's fixed assets both present and future(excluding Velachery and Mysuru properties).

The terms of repayment of term loans are given below

As at March 31, 2021

#### Secured

Particulars	Balance	Terms of repayment
HDFC Bank - INR Long Term Loan	2.64	Repayable in 12 equal quarterly Instalments commencing from January 2018 with 2 Years of moratorium period
HDFC Bank - INR Long Term Loan	5.05	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of moratorium period
HDFC Bank - INR Long Term Loan	5.32	Repayable in 12 equal quarterly Instalments commencing from March 2019 with 2 Years of moratorium period
HDFC Bank - INR Long Term Loan	12.49	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
HDFC Bank - INR Long Term Loan	12.72	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	85.00	Repayable in 12 equal quarterly Instalments commencing from September 2021 with 2 years of moratorium period
Axis Bank - INR Long Term Loan	10.00	Repayable in 48 equal monthly Instalments commencing from March 2022 with 1 year of moratorium period
<b>Total</b>	<b>133.22</b>	

The interest rate for INR loans range from 5.80% p.a to 6.25% p.a

## Notes forming part of the Standalone financial statements

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The Company had availed 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 had been rescheduled.

## As at March 31, 2020

## Secured

Particulars	Balance	Terms of repayment
HDFC Bank - INR Long Term Loan	7.35	Repayable in 12 equal quarterly Instalments commencing from January 2018 with 2 Years of moratorium period
ICICI Bank - INR Long Term Loan	20.00	Repayable in 12 equal quarterly Instalments commencing from April 2019 with 3 Years of moratorium period
HDFC Bank - INR Long Term Loan	7.50	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of moratorium period
HDFC Bank - INR Long Term Loan	7.06	Repayable in 12 equal quarterly Instalments commencing from March 2019 with 2 Years of moratorium period
SCB - INR Long Term Loan	25.45	Repayable in 10 equal quarterly Instalments commencing from January 2020 with 30 months of moratorium period
HDFC Bank - INR Long Term Loan	15.00	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
HDFC Bank - INR Long Term Loan	15.00	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	71.35	Repayable in 12 equal quarterly Instalments commencing from September 2021 with 2 years of moratorium period
<b>Total</b>	<b>168.71</b>	
<b>Unsecured</b>		
Axis Bank - INR Long Term Loan	30.00	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

## Breach of covenants relating to loan arrangements

There is no breach of covenants relating to loan arrangement with banks.

## 17B Current borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - at amortised cost</b>		
Loans from banks	28.81	20.00
Bill Discounting*	-	5.87
<b>Secured - at amortised cost**</b>		
Loans from banks	143.80	133.08
<b>Total</b>	<b>172.61</b>	<b>158.95</b>

\*Bill discounting represent amount received against trade 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, 2021 and 2020 are secured on a pari passu basis by way of hypothecation of inventories and book debts.

## Notes forming part of the Standalone financial statements

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

### 17C Reconciliation of movements of liabilities to cash flows arising from financing activities

Particulars	Short-term borrowings	Long-term borrowings (including current maturities)	Lease liabilities
Balance as at April 1, 2019	171.16	148.95	-
<b>Changes from financing cash flows</b>			
Proceeds from long term borrowings	-	106.36	-
Repayment of long term borrowings	-	(56.60)	-
Proceeds from short term borrowings	-	-	-
Repayment of short term borrowings	(12.52)	-	-
Payment on lease liabilities	-	-	(1.01)
<b>Other changes</b>			
New leases	-	-	4.55
Others	(0.45)	-	-
Interest expense	31.57	-	0.38
Interest paid	(30.81)	-	-
<b>Balance as at March 31, 2020</b>	<b>158.95</b>	<b>198.71</b>	<b>3.92</b>
<b>Changes from financing cash flows</b>			
Proceeds from long term borrowings	-	23.64	-
Repayment of long term borrowings	-	(89.13)	-
Proceeds from short term borrowings	286.31	-	-
Repayment of short term borrowings	(274.74)	-	-
Payment on lease liabilities	-	-	(1.09)
<b>Other changes</b>			
New leases	-	-	3.30
Others	2.64	-	-
Interest expense	22.90	-	0.56
Interest paid	(23.45)	-	-
<b>Balance as at March 31, 2021</b>	<b>172.61</b>	<b>133.22</b>	<b>6.69</b>

### 18 Other financial liabilities

Particulars	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	-	-	0.35	0.89
Unclaimed dividends	-	-	0.15	0.17
Current maturities of long-term debt	-	-	43.96	58.89
Financial guarantee	-	0.07	0.07	0.22
Security deposits	-	-	0.42	0.43
Payable to employees	-	-	8.23	8.36
Derivative Liability	-	-	-	4.29
Lease liability	6.04	3.12	0.65	0.80
Commission payable to chairman	-	-	0.39	0.30
Payables on purchase of fixed assets	-	-	0.97	0.37
Others <sup>^</sup>	-	-	14.62	0.10
<b>Total</b>	<b>6.04</b>	<b>3.19</b>	<b>69.81</b>	<b>74.82</b>

<sup>^</sup> Comprises of dealer incentives and royalty payable amounting to INR 11.47 crores and INR 3.05 crores respectively as at March 31, 2021.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

## 19 Provisions

Particulars	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for leave encashment	5.89	6.09	0.91	1.24
Provision for Gratuity (Refer note 35)	-	-	1.03	10.21
Provision for Warranty	-	-	8.62	5.42
<b>Total</b>	<b>5.89</b>	<b>6.09</b>	<b>10.56</b>	<b>16.87</b>

## (i) Information about individual provisions and significant estimates

## Provision for leave encashment

The provision for leave encashment includes annual leave 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	1.08	3.49
Amounts utilised during the year	(1.29)	(5.05)
As at March 31, 2020	7.33	5.42
Charged/ (credited) to profit or loss	1.30	3.42
Amounts utilised during the year	(1.83)	(0.22)
As at March 31, 2021	6.80	8.62

## 20 Other liabilities

Particulars	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Deferred income	0.91	2.49	1.82	1.85
Tooling advance received from customers	10.08	2.14	-	-
Statutory dues	-	-	6.29	1.87
Advances from customers	-	-	0.01	0.99
<b>Total</b>	<b>10.99</b>	<b>4.63</b>	<b>8.12</b>	<b>4.71</b>

## 21 Deferred tax liability (Net)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	(1.77)	(1.69)
<b>Total</b>	<b>(1.77)</b>	<b>(1.69)</b>

## Notes forming part of the Standalone financial statements

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### Movements in deferred tax liabilities

Particulars	Provision for employee benefit expense	Depreciation	Cash flow hedge reserve	Others^	Total
As at April 1, 2019	8.18	(21.02)	-	6.07	(6.77)
Charged/(Credited)					
- to profit & loss	(0.16)	3.05	-	(0.18)	2.71
- to other comprehensive income	-	-	1.50	0.87	2.37
As at March 31, 2020	8.02	(17.97)	1.50	6.76	(1.69)
Charged/(Credited)					
- to profit & loss	(4.63)	8.63	-	(2.50)	1.50
- to other comprehensive income	(0.08)	-	(1.50)	-	(1.58)
As at March 31, 2021	3.31	(9.34)	-	4.26	(1.77)

^ Includes deferred taxes in respect of provision for warranty, provision for bad and doubtful debts and provision for inventories.

## 22 Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables - Micro enterprises and Small enterprises	4.81	9.03
Trade payables - Related Parties	5.97	4.57
Trade payables - Others	251.93	140.78
<b>Total</b>	<b>262.71</b>	<b>154.38</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, 2021	As at March 31, 2020
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	4.81	9.03
- 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	2.67	0.87
- Interest	0.02	0.01
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

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## 23 Revenue from operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sales of products	1,123.20	1,077.07
Other operating revenues		
- Scrap sales	10.48	9.68
- Sale of raw materials	5.35	3.64
- Job charges	-	0.05
- Export entitlements	8.12	10.08
<b>Total</b>	<b>1,147.15</b>	<b>1,100.52</b>

## Reconciliation of revenue from sale of products

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross revenues	1,142.97	1,093.10
Less: Customer discounts	(19.77)	(16.03)
<b>Net revenues from sale of products</b>	<b>1,123.20</b>	<b>1,077.07</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, 2021	Year ended March 31, 2020
<b>Revenue by Geography</b>		
India	849.60	841.76
Outside India	273.60	235.31
<b>Total revenue from contracts with customers</b>	<b>1,123.20</b>	<b>1,077.07</b>
<b>Revenue by offerings</b>		
Manufactured goods		
Steering and Suspension Linkage Products, Steering Gear Products and Hydraulic Products	990.00	940.32
Diecasting products	80.00	91.40
Other Auto components	53.20	45.35
<b>Total revenue from contracts with customers</b>	<b>1,123.20</b>	<b>1,077.07</b>

## 23.2 Trade Receivables

The Company classifies the right to consideration in exchange for goods transferred as receivable.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognised when the Company satisfies the performance obligation by transferring the promised goods to the customers.

Trade receivable are presented net of impairment in the Balance Sheet.

## 23.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Receivables, included under trade receivables	242.22	162.91
Contract liabilities included under advance from customers	0.01	0.99

The contract liabilities primarily relate to the advance consideration received from customers for manufacturing of products.

The amount of INR 0.99 crores included in contract liabilities as at March 31, 2020 has been recognised as revenue for the year ended March 31, 2021 (March 31, 2020: INR 0.62 crores).

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

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

### 24 Other income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income earned on financial assets that are not designated at fair value through profit or loss		
-- On Deposits	0.37	0.30
-- On Supplier payments	0.11	0.14
-- On loans given to RMIH	1.10	1.80
Net gain on foreign currency transactions	-	12.76
Net gain on disposal of property, plant and equipment	0.11	0.15
Other non-operating income		
Income relating to financial guarantees	0.22	0.37
Government grant income	1.68	1.54
Others	0.31	1.65
<b>Total</b>	<b>3.90</b>	<b>18.71</b>

### 25 Cost of materials consumed

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening stock	34.93	42.47
Add: Purchases	674.33	623.24
Less: Closing stock	(38.21)	(34.93)
Raw materials and Components consumed *	671.05	630.78
Freight inward	14.64	12.17
Job work expenses	42.79	40.09
<b>Total</b>	<b>728.48</b>	<b>683.04</b>
* includes cost of raw materials and components sold	4.81	3.21

### 26 Changes in inventories of finished goods and work-in-progress

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Opening Stock:</b>		
Work-in-progress	11.11	12.32
Finished goods	68.39	81.34
<b>Closing Stock:</b>		
Work-in-progress	16.18	11.11
Finished goods	59.08	68.39
<b>(Increase)/Decrease in inventories</b>	<b>4.24</b>	<b>14.16</b>

### 27 Employee benefit expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, Wages and Bonus	116.50	122.22
Contribution to:		
Provident and Other Funds (Refer Note 35)	5.51	5.83
Superannuation Fund (Refer Note 35)	0.57	0.74
National Pension Scheme	0.13	0.13
Gratuity Fund (Refer Note 35)	2.06	1.99
Staff Welfare Expenses	9.22	11.03
<b>Total</b>	<b>133.99</b>	<b>141.94</b>

## Notes forming part of the Standalone financial statements

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

## 28 Finance cost

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Interest costs:</b>		
Interest on bank overdrafts and loans	21.52	30.36
Other borrowing costs	1.38	1.21
Interest on lease liabilities	0.56	0.38
<b>Total</b>	<b>23.46</b>	<b>31.95</b>

## 29 Depreciation and amortisation expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on Property, plant and equipment (Note 2)	50.94	50.60
Depreciation on Right to use assets (Note 3)	0.98	0.87
Amortisation of Intangible assets (Note 5)	0.38	0.95
<b>Total</b>	<b>52.30</b>	<b>52.42</b>

## 30 Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Power and Fuel	28.74	27.75
Rent expense	0.42	0.58
Travelling and Conveyance	4.18	8.12
Repairs and Maintenance		
- Buildings	2.64	3.45
- Plant and Machinery	10.95	11.26
- Others	1.24	1.66
Insurance	5.67	4.71
Rates and Taxes, excluding taxes on income	1.35	1.50
Auditors' Remuneration (Refer Note 30.1)	0.34	0.46
Directors' Sitting Fees	0.02	0.19
Professional Charges	9.59	12.13
Impairment loss / (write-back) on financial assets	1.54	(3.61)
Consumption of stores and spares	40.81	38.97
Packing materials consumed	34.08	28.55
Royalty and Technical Fees	0.06	0.37
Information Systems	4.73	5.21
Commission to Chairman	0.39	0.30
Freight Outward and Storage charges	27.29	23.65
Advertisement and Sales Promotion	0.58	0.73
Product Warranty	3.42	3.49
Trade Mark fee	5.41	5.12
Printing and Stationery	0.97	1.31
Postage and Telecom expenses	0.66	0.85
Bank Charges	0.50	0.77
Corporate Social Responsibility Expenditure (Refer Note 30.2)	0.99	1.04
Net loss/(gain) on foreign currency transactions	1.21	-
Miscellaneous Expenses	3.34	3.03
<b>Total</b>	<b>191.12</b>	<b>181.59</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

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

Included in other expenses are the below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>30.1. Payment to auditors*</b>		
a) For audit	0.19	0.28
b) For taxation matters	0.01	0.03
c) For limited review	0.08	0.08
d) For certifications	0.06	0.06
e) For reimbursement of expenses	-	0.01
<b>Total</b>	<b>0.34</b>	<b>0.46</b>
* includes amount of ₹0.06 Crs ( March 31, 2020 - ₹0.46 Crs) paid/payable to a firm other than B S R & Co. LLP		
<b>30.2. Expenditure incurred for Corporate social responsibility</b>		
Total expenditure towards corporate social responsibility	0.99	1.04
(i) Construction/acquisition of any asset	-	0.04
(ii) On purposes other than (i) above	0.99	1.00
Amount required to be spent u/s 135 of the Companies Act, 2013	0.97	1.04
Excess / (Shortfall)	0.02	-

### 31 Tax expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income taxes</b>		
Income tax recognised in profit or loss		
<b>Current tax</b>		
In respect of current year	7.16	3.69
	7.16	3.69
<b>Deferred tax</b>		
In respect of current year	(1.51)	(2.71)
	(1.51)	(2.71)
<b>Total income tax expense recognised in the profit or loss</b>	<b>5.65</b>	<b>0.98</b>

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income taxes</b>		
Income tax recognised in other comprehensive income		
<b>Deferred tax</b>		
In respect of current year	1.58	(2.37)
<b>Total income tax expense /(gain) recognised in other comprehensive income</b>	<b>1.58</b>	<b>(2.37)</b>

Reconciliation of Effective tax rate:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Profit/(Loss) before tax</b>	<b>(45.04)</b>	<b>(23.45)</b>
Add: Exceptional item - Impairment	62.50	37.58
	17.46	14.13
Income Tax expense calculated at 25.17% (2019-20: 34.94%)	4.39	4.94
Tax incentives	(0.07)	(2.57)
Non deductible expense	0.35	(0.79)
Tax exempt income	(0.48)	(0.54)
Deductions under Chapter VI A	(0.13)	(0.06)
Impact of change in tax rates & effects of taxes relating to earlier years	1.59	-
<b>Income Tax expense recognised in profit or loss</b>	<b>5.65</b>	<b>0.98</b>

The Company has opted for lower corporate tax rate available under section 115BAA of the Income-tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax liabilities.

## Notes forming part of the Standalone financial statements

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The tax rate used for the 2020-21 and 2019-20 tax computation above is the corporate tax rate of 25.17% and 34.94% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

### 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.

The Company monitors the capital structure on the basis of debt to equity 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 net debt to equity ratio of the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
Debt *	305.83	357.66
Cash and bank balances	(6.67)	(16.70)
Net debt	299.16	340.96
Total Equity**	308.27	300.93
<b>Net debt to equity ratio</b>	<b>0.97</b>	<b>1.13</b>

\*Debt is defined as long-term and short-term borrowings.

\*\* Equity includes all capital and reserves of the Company.

#### 32.2 Fair Value Measurement

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.

##### Financial Instrument by Category

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Loans	-	-	0.22	-	-	34.06
Investments	107.30	-	-	80.10	-	-
Trade Receivables	-	-	242.22	-	-	162.91
Cash and Cash Equivalents	-	-	6.52	-	-	16.52
Bank balances other than above	-	-	0.15	-	-	0.18
Other Financial assets	-	-	57.81	-	-	55.59
Derivative assets	0.45	-	-	-	-	-
<b>Total Financial Assets</b>	<b>107.75</b>	<b>-</b>	<b>306.92</b>	<b>80.10</b>	<b>-</b>	<b>269.26</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	305.83	-	-	357.66
Trade Payables	-	-	262.71	-	-	154.38
Lease Liability	-	-	6.69	-	-	3.92
Other Financial liabilities	-	-	25.20	-	-	10.91
Derivative Liability	-	-	-	-	4.29	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>600.43</b>	<b>-</b>	<b>4.29</b>	<b>526.87</b>

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

(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 carried at fair value

Particulars	As at March 31, 2021	As at March 31, 2020	Fair Value Hierarchy (Level 1,2,3)*	Valuation Technique
<b>Financial assets</b>				
Investments	107.30	80.10	3	The fair value is estimated considering the discounted cash flow projections calculated using discount rates adjusted for company specific premium.
Derivative Assets	0.45	-	2	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
<b>Total</b>	<b>107.75</b>	<b>80.10</b>		
<b>Financial liabilities</b>				
Derivative liabilities	-	4.29	2	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
<b>Total</b>	<b>-</b>	<b>4.29</b>		

### Level 3 Fair Values

#### Reconciliation of Level 3 Fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Particulars	FVTPL Securities
Balance as at April 1, 2019	13.67
Investments made during the year	56.19
Net change in Fair value (Unrealised)	(37.58)
Balance as at March 31, 2020	80.10
Investments made during the year	89.70
Net change in Fair value (Unrealised)	(62.50)
Balance as at March 31, 2021	107.30

The key assumptions used in the estimation of the fair value changes are set out below. The values assigned to the key assumptions is based on the management's assessment.

in percent	As at March 31, 2021	As at March 31, 2020
Discount rate	7.80% to 8.80%	8.80% to 10.00%
Terminal value growth rate	2.50%	2.50%
Revenue growth rate	22.18%	12.14%

#### Sensitivity analysis

For the fair values of FVTPL securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

Particulars	Impact on Profit/(Loss)	
	Increase	Decrease
<b>March 31, 2020</b>		
Annual revenue growth rate (1% movement)	37.58	(77.63)
Terminal value growth rate (1% movement)	4.45	(4.60)
Risk adjusted discount rate (1% movement)	(36.73)	37.58
<b>March 31, 2021</b>		
Annual revenue growth rate (1% movement)	23.79	(22.88)
Terminal value growth rate (1% movement)	62.50	(44.73)
Risk adjusted discount rate (1% movement)	(50.91)	62.50

\* Fair Value Hierarchy (Level 1,2,3)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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.

### 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 its direct & indirect transactions denominated in foreign currency. Since most of the transactions of the company are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

#### (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 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 contracts.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	In equivalent INR (Crores)	In Foreign Currency (Crores)	In equivalent INR (Crores)	In Foreign Currency (Crores)
	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)
<b>Financial Assets</b>				
<b>USD</b>				
Loans	-	-	33.82	0.45
Trade Receivable	63.67	0.87	41.22	0.55
Advances	5.69	0.08	3.86	0.05
Bank Balances	1.98	0.03	-	-
<b>EUR</b>				
NCRPS	104.83	1.22	77.63	0.93
Trade Receivable	10.51	0.12	10.31	0.12
Advances	0.28	0.00	0.75	0.01
Bank Balances	0.01	0.00	-	-
<b>GBP</b>				
Advances	0.06	0.00	0.06	0.00
<b>Sub Total</b>	<b>187.03</b>		<b>167.65</b>	
<b>Financial Liabilities</b>				
<b>USD</b>				
Loans	-	-	(3.10)	(0.04)
Trade Payable	(1.38)	(0.02)	(2.38)	(0.03)
<b>EUR</b>				
Trade Payable	(0.69)	(0.01)	(2.81)	(0.03)
<b>JPY</b>				
Trade Payable	-	-	(0.02)	(0.02)
<b>Sub Total</b>	<b>(2.07)</b>		<b>(8.31)</b>	
<b>Net Balance</b>	<b>184.96</b>		<b>159.34</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 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 an opposite 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
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Impact on profit or loss for the year</b>						
- Increase by 5%	(3.54)	(3.67)	(5.76)	(4.28)	(0.00)	(0.00)
- Decrease by 5%	3.54	3.67	5.76	4.28	0.00	0.00
<b>Impact on other components of equity as at the end of the reporting period</b>						
- Increase by 5%	-	-	-	-	-	-
- Decrease by 5%	-	-	-	-	-	-

## Notes forming part of the Standalone financial statements

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

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 holds derivative financial instruments such as foreign currency forward 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 contracts to cover specific foreign currency payments and receipts. 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) contracts outstanding at the end of the reporting period:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Foreign currency (In Crores)	In ₹ (In Crores)	Foreign currency (In Crores)	In ₹ (In Crores)
Derivatives designated as cash flow hedges				
<b>Forward Contracts</b>				
In USD	1.09	82.25	1.16	85.77
In Euro	0.14	13.02	0.31	26.19
<b>Total forwards</b>		<b>95.27</b>		<b>111.96</b>

The foreign exchange forward 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, 2021	As at March 31, 2020
Not later than 1 month	-	8.65
Later than 1 month but not later than 3 months	17.85	20.46
Later than 3 months upto 6 months	19.16	22.39
Later than 6 months but not later than 1 year	58.26	60.46
<b>Total</b>	<b>95.27</b>	<b>111.96</b>

As at March 31, 2021, the Company does not have any foreign currency forward contracts which are designated as hedge instruments and hence all gains and losses in respect of such contracts have been recorded in the statement of profit and loss.

The reconciliation of cash flow hedge reserve for the year ended March 31, 2021 is as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balance at the beginning of the year</b>	<b>(2.79)</b>	<b>-</b>
Gain/loss recognised in other comprehensive income during the period	4.29	(4.29)
Tax impact on above	(1.50)	1.50
<b>Balance at the end of the year</b>	<b>-</b>	<b>(2.79)</b>

### Interest rate risk :

The Company adopts appropriate policies to ensure that the interest rate risk exposure is minimised. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate.

### (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, loans, investments, deposits with banks and financial institutions and trade and other financial receivables. The carrying amount of financial assets represents the maximum credit risk.

#### (i) Expected credit loss for loans, security deposits and other financial assets

The estimated gross carrying amount at default is Nil (March 31, 2020: Nil) for loans, security deposits and other financial assets. Consequently there are no expected credit loss recognised for these financial assets.

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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.

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 over a rolling period of past 24 months and b) actual amount of outstanding receivables as on the reporting date.

### (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

The following information provides details of the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The below information has 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 and includes 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, 2021

Particulars	Less than 1 year	1-5 years	More than 5 years	Total contractual cash flows	Carrying amount
Borrowings	227.69	97.06	-	324.75	305.83
Trade Payables	262.71	-	-	262.71	262.71
Lease liability	1.04	2.64	11.64	15.32	6.69
Other Financial liabilities	25.20	-	-	25.20	25.20
<b>Total</b>	<b>516.64</b>	<b>99.70</b>	<b>11.64</b>	<b>627.98</b>	<b>600.43</b>

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 years	More than 5 years	Total contractual cash flows	Carrying amount
Borrowings	217.84	139.82	-	357.66	357.66
Trade Payables	154.38	-	-	154.38	154.38
Lease liability	0.85	1.66	5.49	8.00	3.92
Other Financial liabilities	10.84	0.07	-	10.91	10.91
Derivative liability	4.29	-	-	4.29	4.29
<b>Total</b>	<b>388.20</b>	<b>141.55</b>	<b>5.49</b>	<b>535.24</b>	<b>531.16</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 38A)

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The Company has secured bank loans that contain loan covenants. A future breach of covenants may require the Company to repay the loans earlier than indicated in the above table.

### 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 of the company 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 segment, namely components for transportation industry. 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, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
India	873.55	865.21	354.71	351.58
Rest of the world	273.60	235.31	-	-
<b>Total</b>	<b>1,147.15</b>	<b>1,100.52</b>	<b>354.71</b>	<b>351.58</b>

The geographical information 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. Non-current assets exclude financial instruments, income tax assets and deferred tax assets.

#### 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.

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 ₹ 357.04 crores (March 31, 2020- ₹ 410.31 crores).

### 34 Related party disclosures

(a)	List of related parties where control exists	
	Holding Company	Rane Holdings Limited (RHL)
	Subsidiary	Rane (Madras) International Holdings B.V (RMIH)
		Rane Light Metal Castings Inc. (Formerly Known as Rane Precision Diecasting Inc.(RPDC)) (LMCA)
	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 31 <sup>st</sup> December 2019)
		Gowri Kailasam - Manager & President (W.e.f 21 <sup>st</sup> January 2020)
(c)	Relative of KMP	L Lakshman
		Aditya Ganesh
(d)	Enterprises over which KMP or relatives of KMP can exercise significant influence	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
(f)	Joint ventures of the Holding company	Rane TRW Steering Systems Private Limited(RTSS)
		Rane NSK Steering Systems Private Limited(RNSS)

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

Details of related party transactions and balances :

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Transaction during the year																
Sales																
Sales-RTSS	-	-	-	-	-	-	-	-	-	-	-	-	7.67	15.73	7.67	15.73
Other income																
Interest on loan - RMIH	-	-	1.10	2.22	-	-	-	-	-	-	-	-	-	-	1.10	2.22
Purchases																
Purchases RBL	-	-	-	-	-	-	-	-	-	-	1.82	1.95	-	-	1.82	1.95
Purchases REVL	-	-	-	-	-	-	-	-	-	-	1.49	4.58	-	-	1.49	4.58
Purchases-RTSS	-	-	-	-	-	-	-	-	-	-	-	-	1.92	0.80	1.92	0.80
Purchases-RNSS	-	-	-	-	-	-	-	-	-	-	-	-	17.69	14.80	17.69	14.80
Purchase of Machinery-RTSS	-	-	-	-	-	-	-	-	-	-	-	-	0.97	-	0.97	-
Purchase of PPE kits, masks-RTSS	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	0.05	-
Transfer of Machinery - Rane Foundation	-	-	-	-	-	-	-	-	0.04	-	-	-	-	-	-	0.04
Expenses																
Professional Charges	3.29	3.40	-	-	-	-	-	-	-	-	-	-	-	-	3.29	3.40
Software Expenses	3.49	4.12	-	-	-	-	-	-	-	-	-	-	-	-	3.49	4.12
Training Expenses	0.37	0.72	-	-	-	-	-	-	-	-	-	-	-	-	0.37	0.72
Trademark Fee	5.41	5.08	-	-	-	-	-	-	-	-	-	-	-	-	5.41	5.08
Sales Promotion Expenses - RHAI	-	-	-	-	-	-	-	-	-	-	1.61	2.53	-	-	1.61	2.53
Sales Promotion Expenses - RHEG	-	-	-	-	-	-	-	-	-	-	0.44	0.71	-	-	0.44	0.71
Donation-Rane Foundation	-	-	-	-	-	-	-	-	0.58	0.87	-	-	-	-	0.58	0.87
Miscellaneous Expenses	0.41	0.45	-	-	-	-	-	-	-	-	-	-	-	-	0.41	0.45
Reimbursement of expenses to RHL	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-
Reimbursement of Expenses to RHAI	-	-	-	-	-	-	-	-	-	-	0.12	-	-	-	0.12	-
Reimbursement of Expenses to RBL	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	0.03	-
Reimbursement of expenses from RHL	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07	-
Reimbursement of Expenses from RHL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses from REVL, RBL	-	-	-	-	-	-	-	-	-	-	0.06	0.17	-	-	0.06	0.17
Reimbursement of Expenses from RTSS	-	-	-	-	-	-	-	-	-	-	-	-	0.11	-	0.11	-
Loans, investments and guarantees																
Investments in NCRPS of subsidiary-RMIH	-	-	89.70	104.33	-	-	-	-	-	-	-	-	-	-	89.70	104.33
Repayment of Loan by subsidiary-RMIH	-	-	33.83	-	-	-	-	-	-	-	-	-	-	-	33.83	-
Preferential Issue of Equity shares	53.32	16.67	-	-	-	-	-	-	-	-	-	-	-	-	53.32	16.67
Conversion of warrants	1.67	8.33	-	-	-	-	-	-	-	-	-	-	-	-	1.67	8.33

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Repayment of interest - RMIH	-	-	5.50	-	-	-	-	-	-	-	-	-	-	-	5.50	-
Impairment loss	-	-	62.50	37.58	-	-	-	-	-	-	-	-	-	-	62.50	37.58
Financial Guarantee-LMCA	-	-	0.05	0.09	-	-	-	-	-	-	-	-	-	-	0.05	0.09
Financial Guarantee-RMIH	-	-	0.17	0.27	-	-	-	-	-	-	-	-	-	-	0.17	0.27
SBLC- EXIM-LMCA	-	-	35.78	47.13	-	-	-	-	-	-	-	-	-	-	35.78	47.13
<b>Remuneration to KMP</b>																
Salaries - Mr. S Parthasarathy	-	-	-	-	-	1.59	-	-	-	-	-	-	-	-	-	1.59
Salaries - Ms. Gowri Kailasam	-	-	-	-	1.19	0.26	-	-	-	-	-	-	-	-	1.19	0.26
Salaries - Mr. Aditya Ganesh	-	-	-	-	-	-	0.57	0.65	-	-	-	-	-	-	0.57	0.65
Commission to Chairman	-	-	-	-	0.39	0.30	-	-	-	-	-	-	-	-	0.39	0.30
Sitting Fees	-	-	-	-	0.01	0.05	-	0.04	-	-	-	-	-	-	0.01	0.09

### Details of Related Party balances:

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Balance as at year end March 31,</b>																
<b>Payables</b>																
RHL	1.61	1.76	-	-	-	-	-	-	-	-	-	-	-	-	1.61	1.76
Mr L Ganesh	-	-	-	-	0.39	0.30	-	-	-	-	-	-	-	-	0.39	0.30
REVL	-	-	-	-	-	-	-	-	-	-	0.08	0.07	-	-	0.08	0.07
RBL	-	-	-	-	-	-	-	-	-	-	0.35	0.35	-	-	0.35	0.35
RHAI	-	-	-	-	-	-	-	-	-	-	-	0.07	-	-	-	0.07
RTSS	-	-	-	-	-	-	-	-	-	-	-	-	0.71	0.16	0.71	0.16
RNSS	-	-	-	-	-	-	-	-	-	-	-	-	3.22	2.16	3.22	2.16
<b>Receivables</b>																
RHAI	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	0.01	-
RHEG	-	-	-	-	-	-	-	-	-	-	0.01	0.03	-	-	0.01	0.03
RTSS	-	-	-	-	-	-	-	-	-	-	-	-	2.46	2.53	2.46	2.53
<b>Other balances</b>																
Money received against share warrants - RHL	10.00	8.33	-	-	-	-	-	-	-	-	-	-	-	-	10.00	8.33
Investment in equity shares-RMIH	-	-	0.15	0.15	-	-	-	-	-	-	-	-	-	-	0.15	0.15
Investment in NCRPS of subsidiary-RMIH	-	-	204.91	115.21	-	-	-	-	-	-	-	-	-	-	204.91	115.21
Loan to subsidiary-RMIH	-	-	-	33.83	-	-	-	-	-	-	-	-	-	-	-	33.83
Interest on loan - RMIH	-	-	-	4.59	-	-	-	-	-	-	-	-	-	-	-	4.59
FMV of financial guarantee given	-	-	1.87	1.87	-	-	-	-	-	-	-	-	-	-	1.87	1.87
Financial Guarantee - RMIH	-	-	12.94	23.23	-	-	-	-	-	-	-	-	-	-	12.94	23.23
Financial Guarantee - LMCA	-	-	44.49	48.36	-	-	-	-	-	-	-	-	-	-	44.49	48.36
SBLC - EXIM - LMCA	-	-	82.91	47.13	-	-	-	-	-	-	-	-	-	-	82.91	47.13

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2021

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

### Remuneration to Key Management personnel

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Short term benefits paid	1.50	1.88
Other Long term benefits paid	0.08	0.10
Termination Benefits	-	0.17
<b>Total</b>	<b>1.58</b>	<b>2.15</b>

Post employment benefit comprising gratuity and compensated absences are not disclosed as these are determined for the Company as a whole.

### 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 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 ₹6.08 Crores (for the year ended March 31, 2020: ₹6.57 Crores) represents contributions payable to these plans by the company at rates specified in the rules of the plans. As at March 31, 2021, contributions of ₹0.91 Crores (as at March 31, 2020: ₹1.19 Crores) due in respect to 2020-21 (2019-20) 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 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.
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, 2021

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

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

## (a) 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, 2021	Year ended March 31, 2020
Opening defined benefit obligation	21.68	18.72
Current Service Cost	1.75	1.49
Interest cost	1.37	1.36
Remeasurement (gains) / losses :		
Actuarial gains and losses arising from changes in demographic assumptions	(0.63)	2.02
Actuarial gains and losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Benefits paid	(1.76)	(1.91)
Closing defined benefit obligation	22.41	21.68

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening fair value of plan assets	11.47	11.39
Interest income	1.06	0.85
Remeasurement gain (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(0.30)	(0.47)
Contributions from the Employer	10.92	1.61
Benefits paid	(1.77)	(1.91)
Closing fair value of plan assets	21.38	11.47

## (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, 2021	As at March 31, 2020
Present value of funded defined benefit obligation	22.41	21.68
Less: Fair value of plan assets	(21.38)	(11.47)
Funded status	1.03	10.21
Net liability arising from defined benefit obligation	1.03	10.21
Current	1.03	10.21
Non Current	-	-

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Service Cost :</b>		
Current Service cost	1.75	1.49
Net interest Expense	0.31	0.50
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>2.06</b>	<b>1.99</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	(0.63)	2.02
Actuarial (gains) / losses arising from changes in financial assumptions	0.31	0.47
Actuarial (gains) / losses arising from experience adjustments	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.32)</b>	<b>2.49</b>
<b>Total</b>	<b>1.74</b>	<b>4.48</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 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.

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

Particulars	Valuation as at	
	March 31, 2021	March 31, 2020
Discount Rate	6.88%	6.60%
Expected Rate of salary increase		
Executives and Staff	8.00%	7.60%
Operators	6.00%	5.75%
Attrition Rate		
Executives and Staff	6.00%	8.00%
Operators	3.00%	3.00%

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

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

## Sensitivity Analysis

Change in assumption	Valuation as at	
	March 31, 2021	March 31, 2020
A. Discount Rate + 50 BP	7.38%	7.10%
Defined Benefit Obligation	21.52	20.88
Current Service Cost	1.70	(1.67)
B. Discount Rate - 50 BP	6.4%	6.1%
Defined Benefit Obligation	23.34	22.51
Current Service Cost	1.89	1.84
C. Salary Escalation Rate +50 BP	8.5% & 6.5%	8.1% & 6.25%
Defined Benefit Obligation	23.36	22.54
Current Service Cost	1.89	1.84
D. Salary Escalation Rate -50 BP	7.5% & 5.5%	7.1% & 5.25%
Defined Benefit Obligation	21.50	20.85
Current Service Cost	1.70	(1.67)
E. Attrition Rate +50 BP	6.5% & 3.5%	8.5% & 3.5%
Defined Benefit Obligation	22.41	21.68
Current Service Cost	1.80	1.75
F. Attrition Rate -50 BP	5.5% & 2.5%	7.5% & 2.5%
Defined Benefit Obligation	22.39	21.66
Current Service Cost	1.79	1.75

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 8.8 years (2020 - 8.2 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2021	March 31, 2020
Year 1	1.55	2.79
Year 2	2.77	1.71
Year 3	1.84	2.12
Year 4	1.55	1.86
Year 5	2.96	1.61
Next 5 Years	10.48	11.04

## 36 Earnings per share:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Basic Earnings per share	(39.51)	(20.37)
Diluted Earnings per share	(39.51)	(20.37)

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

(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, 2021	Year ended March 31, 2020
Profit/(Loss) for the year	(50.69)	(24.43)
Earnings used in the calculation of basic earnings per share	(50.69)	(24.43)

In Nos.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Number of equity Shares of ₹ 10 each outstanding at the end of the year	1,45,65,309	1,25,53,891
(b) Weighted Average number of Equity Shares for the purpose of basic earnings per share	1,28,28,167	1,19,92,211

### Diluted Earnings per share

The earnings used in the calculation of diluted earnings per share is as follows.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Earnings used in the calculation of basic earnings per share	(50.69)	(24.43)
Earnings used in the calculation of diluted earnings per share	(50.69)	(24.43)

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:

In Nos.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares used in the calculation of basic earnings per share	1,28,28,167	1,19,92,211
Effect of Convertible share warrants	-	-
Weighted average number of equity shares used in the calculation of diluted earnings per share	1,28,28,167	1,19,92,211

Share warrants that are outstanding as at March 31, 2021 and March 31, 2020 were not considered in the calculation of diluted earnings per share, as their effect was anti-dilutive.

## 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:

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	0.65	0.80
Non-current lease liabilities	6.04	3.12
Total	6.69	3.92

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

**B. Movement in Lease liabilities :**

The following is the movement in lease liabilities:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	3.92	-
Reclassified on account of adoption of IND AS 116	-	-
Additions	3.49	4.55
Finance costs accrued during the period	0.56	0.38
Deletions	(0.19)	-
Payment of Lease liabilities	(1.09)	(1.01)
Closing balance	6.69	3.92

**C. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:**

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	1.04	0.85
One to five years	2.64	1.66
More than five years	11.64	5.49
Total	15.32	8.00

**D. The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.**

Particulars	Year ended March 31, 2020
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, 2021	Year ended March 31, 2020
Interest on lease liabilities	0.56	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 recognised in other expenses	0.42	0.58
Expenses relating to leases of low-value assets, excluding short term leases of low value assets.	-	-

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

### F. Amounts recognized/disclosed in Cash flow statement

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total cash outflows for leases included under financing activities	1.09	1.01

### 38 Contingent liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt		
- Income Tax matters under appeal	16.05	16.05
- Central Excise, Service Tax and Sales tax matters under appeal	8.73	10.46
- Labour related matters under appeal	3.69	3.47
- Others- Customer claim disputed by the Company	-	120.66
<b>Total</b>	<b>28.47</b>	<b>150.64</b>

In respect of certain customer and other claims, based on the comprehensive technical assessment, evaluation of the current environment, based on legal advice and in the absence of any valid basis for reliably determining the extent of the Company's liability in the matter, the Company strongly believes that possibility of a material outflow of economic resources resulting from the claims as remote.

### 38A Guarantees and commitment

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Guarantees and Letter of credit</b>		
-Outstanding bank guarantees	5.38	4.40
-Financial Guarantee	57.43	71.59
-Letter of credit	4.75	0.46
-Standby Letter of credit	82.91	47.13
<b>Commitments</b>		
-Estimated amount of contracts remaining to be executed on capital account and not provided for	27.42	3.70

### 39 Events after the reporting date

The Company has evaluated subsequent events from the balance sheet date through May 21, 2021, the date on which the standalone financial statements were authorised for issue, and determined that there are no items to disclose.

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

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

## 40 Research and development cost

Particulars	Year ended March 31, 2021	Year ended March 31, 2019
Capital expenditure	1.94	3.34
Revenue expenditure:		
i) Materials	0.92	0.55
ii) Employee benefits	5.57	6.14
iii) Professional fees	0.17	0.44
iv) Consumables	0.47	0.53
v) Travel expenses	0.12	0.78
vi) Others	0.72	1.24
<b>Total</b>	<b>9.91</b>	<b>13.02</b>

## 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, 2021	Maximum balance outstanding during the year
<b>Subsidiaries</b>		
Rane (Madras) International Holdings B.V (RMIH)		
Loan	-	33.83
	(33.83)	(33.83)
Interest	-	5.70
	(4.60)	(4.60)

**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, 2021

- (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 receivables.

Outstanding forward exchange contracts entered into by the Company as at March 31, 2021 and March 31, 2020

Currency	Buy/Sell	As at March 31, 2021	As at March 31, 2020
USD	Sell	82.25	85.77
Euro	Sell	13.02	26.19

## Notes forming part of the Standalone financial statements

as at and for the year ended March 31, 2021

(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>Investment made (Gross carrying amount)</b>			
Rane (Madras) International Holdings B.V. (WOS)	0.15	Investment in WOS	Equity Investment
Rane (Madras) International Holdings B.V. (Wholly Owned Subsidiary-WOS)	204.91	Investment in NCRPS of WOS	For Equity investment of RMIH to RPDC, Payment of EXIM Bank loan interest, meeting local establishment expenses
<b>Guarantees Given</b>			
Rane (Madras) International Holdings B.V. (WOS)	12.94	Corporate Guarantee on behalf of WOS	Given to EXIM Bank towards the banks Financing arrangement to WOS
Rane Light Metal Castings Inc. (Formerly Known as Rane Precision Diecasting Inc.(RPDC)) (Step Down subsidiary-SDS)	44.49	Corporate Guarantee on behalf of SDS	Given to EXIM Bank towards the banks Financing arrangement to SDS
<b>SBLC availed</b>			
Rane Light Metal Castings Inc. (Formerly Known as Rane Precision Diecasting Inc.(RPDC)) (Step Down subsidiary-SDS)	82.91	SBLC on behalf of SDS	Availed from EXIM Bank towards facilitating obtaining of term loan to SDS

### 44 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on May 21, 2021.

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

For and on behalf of the Board of Directors

**Ganesh Lakshminarayan**

Chairman

DIN:00012583

**B Gnanasambandam**

Chief Financial Officer

**Harish Lakshman**

Vice Chairman

DIN:00012602

**Gowri Kailasam**

Manager

**S Subha Shree**

Company Secretary

Chennai

May 21, 2021

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Rane (Madras) Limited Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Rane (Madras) Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 auditors on separate financial statements of the subsidiary as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of

the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Emphasis of matter

We draw attention to Note 1.34 of the consolidated financial statements, which describes the economic and social consequences / disruption as a result of COVID-19 which impact matters relating to supply chain, customer demand, commodity prices, personnel available for work etc.

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.

The key audit matter	How the matter was addressed in our audit
<p><b>Impairment of assets relating to Rane Light Metal Castings Inc., USA ('LMCA') - a cash generating unit</b></p> <p>Refer note 1.14 and 2 to the consolidated financial statements</p> <p>The Group has identified LMCA as a separate cash generating unit ('CGU'), which has a carrying value of INR 133.3 crores as at March 31, 2021.</p> <p>Due to significant losses incurred by LMCA, there is a risk that the carrying value of the CGU is higher than its recoverable value as at the year end, thereby triggering impairment.</p> <p>The determination of the recoverable value of the CGU, which is based on discounted cash flows, involves significant judgements and estimates, including estimates of revenue growth rate, terminal growth rate, discount rate and also those related to the possible effects of COVID-19.</p> <p>We have identified the assessment of impairment of CGU as a key audit matter since it involves significant judgement in making the above estimates especially in view of the highly uncertain economic environment and hence the actual results may differ from those estimated at the date of approval of these financial statements.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of accounting policy for impairment as per relevant accounting standard.</li> <li>Assessed the design and implementation of key internal financial controls with respect to impairment of CGU and tested the operating effectiveness of such controls.</li> <li>Involved our valuation specialist to assist us in evaluating the appropriateness of the valuation model, the assumptions and methodologies used by the Company for assessing the recoverable value of the CGU.</li> <li>Evaluated the objectivity, independence and competence of the valuation specialist engaged by Group.</li> <li>Evaluated the appropriateness of the key assumptions used in estimating future cash flows such as revenue growth rate, discount rate, terminal growth rate, including the possible effects of COVID-19. This evaluation was based on our knowledge of the Group and the industry, and observable market data, past performances, consistency with the Board approved plans and inquiries of the auditors of the subsidiary.</li> <li>Performed procedures in respect of sensitivity analysis of the key assumptions used in the impairment assessment.</li> <li>Assessed the adequacy of the disclosures relating to impairment of CGU in the consolidated financial statements.</li> </ul>

#### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises of reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report (but does not include the financial statements and our auditors' report thereon) which we obtained prior to the date of this Auditor's Report and the remaining sections of Annual report, which are expected to be made available to us after that date.

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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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 and based on the work done/ audit report of other auditors, 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.

When we read the remaining sections of Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

#### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and 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 each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the

design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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 the Company 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 is responsible for overseeing the financial reporting process of each company.

#### Auditor's Responsibilities 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 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 the internal financial controls with

reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 such 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 financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding 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 auditors' 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 step-down subsidiary, whose financial statements reflect total assets of ₹192.88 crores as at March 31, 2021 (before consolidation adjustments), total revenues of ₹120.25 crores (before consolidation adjustments) and net cash outflows amounting to ₹0.34 crores (before consolidation adjustments) 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 step-down subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid step-down subsidiary is based solely on the audit report of the other auditors.
- (b) The financial statements of one subsidiary, whose financial information reflect total assets of ₹114.98 crores as at March 31, 2021 (before consolidation adjustments), total revenues of Nil (before consolidation adjustments) and net cash outflows amounting to ₹0.94 crores (before consolidation adjustments) for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial information 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 sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the

management, this financial information is not material to the Group.

- (c) The consolidated financial statements of the Group for the year ended March 31, 2020 were audited by the predecessor auditors who had expressed an unmodified opinion on those consolidated financial statements dated June 18, 2020.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiary as were audited by other auditors, as noted in the 'Other Matters' paragraph, 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 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 changes in equity and the consolidated statement of cash flows 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 Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2021 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 with reference to financial

statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group. Refer Note 38 to the consolidated financial statements.
- ii. The Group 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 to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2021.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings

in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in the financial statements since they do not pertain to the financial year ended March 31, 2021.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Place: Chennai

Date: May 21, 2021

Membership no: 203491

UDIN: 21203491AAAADD5987

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

On the consolidated financial statements of Rane (Madras) Limited for the year ended March 31, 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Rane (Madras) Limited (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. 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 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 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the

risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 internal financial controls with reference to consolidated financial statements.

### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

S Sethuraman

Partner

Place: Chennai

Date: May 21, 2021

Membership no: 203491

UDIN: 21203491AAAADD5987

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

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

S. No	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>A.</b>	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
(a)	Property, plant and equipment	2	401.19	372.87
(b)	Capital work in progress	2	31.14	49.83
(c)	Right of use assets	3	9.25	4.54
(d)	Goodwill	4	4.06	4.06
(e)	Other intangible assets	5	0.28	0.59
(f)	Financial assets			
(i)	Investments	6	0.60	0.60
(ii)	Other financial assets	7	57.23	49.46
(g)	Income tax assets (Net)	8	16.61	14.46
(h)	Other non current assets	9	29.73	32.85
	<b>Total non-current assets</b>		<b>550.09</b>	<b>529.26</b>
	<b>Current Assets</b>			
(a)	Inventories	10	159.16	156.84
(b)	Financial Assets			
(i)	Trade receivables	11	270.09	190.80
(ii)	Cash and cash equivalents	12	7.13	18.35
(iii)	Bank balances other than (ii) above	13	0.15	0.18
(iv)	Loans	14	0.34	0.33
(v)	Other financial assets	7	6.97	5.69
(c)	Other current assets	9	38.21	20.37
	<b>Total current assets</b>		<b>482.05</b>	<b>392.56</b>
	<b>TOTAL ASSETS</b>		<b>1,032.14</b>	<b>921.82</b>
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
(a)	Equity Share Capital	15	14.57	12.55
(b)	Other Equity	16	167.32	171.31
	<b>Total equity</b>		<b>181.89</b>	<b>183.86</b>
	<b>Liabilities</b>			
	<b>Non-Current Liabilities</b>			
(a)	Financial liabilities			
(i)	Borrowings	17A	189.35	199.91
(ii)	Other financial liabilities	18	7.98	3.61
(b)	Provisions	19	19.58	27.32
(c)	Deferred tax liability (Net)	21	1.77	1.69
(d)	Other non-current liabilities	20	10.99	4.63
	<b>Total non-current liabilities</b>		<b>229.67</b>	<b>237.16</b>
	<b>Current Liabilities</b>			
(a)	Financial Liabilities			
(i)	Borrowings	17B	172.61	196.66
(ii)	Trade Payables	22	-	-
(a)	Total outstanding dues of micro enterprises and Small enterprises		4.81	9.03
(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises		289.14	180.42
(iii)	Other financial Liabilities	18	127.21	90.53
(b)	Other Current Liabilities	20	16.25	7.29
(c)	Provisions	19	10.56	16.87
	<b>Total current liabilities</b>		<b>620.58</b>	<b>500.80</b>
	<b>TOTAL LIABILITIES</b>		<b>850.25</b>	<b>737.96</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,032.14</b>	<b>921.82</b>

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

**Ganesh Lakshminarayan**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**S Subha Shree**  
Company Secretary

Chennai

May 21, 2021

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED MARCH 31, 2021

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

S.No	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I	Revenues from operations	23	1,267.39	1,277.08
II	Other income	24	6.87	14.44
III	<b>Total income (I+II)</b>		<b>1,274.26</b>	<b>1,291.52</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	25	770.58	744.23
	Changes in inventories of finished goods and work-in-progress	26	2.42	11.29
	Employee benefits expense	27	219.53	233.88
	Finance costs	28	27.04	37.28
	Depreciation and amortisation expense	29	66.12	65.87
	Other expenses	30	244.04	241.55
	<b>Total Expenses (IV)</b>		<b>1,329.73</b>	<b>1,334.10</b>
V	<b>Profit/(Loss) before exceptional items (III-IV)</b>		<b>(55.47)</b>	<b>(42.58)</b>
VI	Exceptional items	4.2	-	1.96
VII	<b>Profit/(Loss) before tax (V-VI)</b>		<b>(55.47)</b>	<b>(44.54)</b>
VIII	<b>Tax Expense:</b>			
	(1) Current Tax	31	7.18	3.69
	(2) Deferred Tax	31	(1.51)	(2.71)
			<b>5.67</b>	<b>0.98</b>
IX	<b>Profit/(Loss) for the year (VII - VIII)</b>		<b>(61.14)</b>	<b>(45.52)</b>
	<b>Other comprehensive income/(loss)</b>			
A.	Items that will not be reclassified to statement of profit and loss			
	Remeasurements of the defined benefit plans		5.58	(8.17)
	Income tax relating to items that will not be reclassified to statement of profit and loss		(0.08)	0.87
			<b>5.50</b>	<b>(7.30)</b>
B.	Items that will be reclassified to statement of profit and loss			
	Exchange differences on translation of foreign operations		(6.05)	(9.23)
	Effective portion of gains and loss on hedging instruments in a cash flow hedge		6.22	(4.29)
	Income tax relating to items that will be reclassified to statement of profit and loss		(1.50)	1.50
			<b>(1.33)</b>	<b>(12.02)</b>
X	<b>Total other comprehensive income/(loss) (A+B)</b>		<b>4.17</b>	<b>(19.32)</b>
XI	<b>Total comprehensive income/(loss) for the year (IX+X)</b>		<b>(56.97)</b>	<b>(64.84)</b>
XII	<b>Earnings Per Equity Share (Nominal value per share ₹10)</b>			
	(a) Basic (In ₹)	36	(47.66)	(37.96)
	(b) Diluted (In ₹)	36	(47.66)	(37.96)

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**  
Partner  
Membership no: 203491

Chennai  
May 21, 2021

**Ganesh Lakshminarayan**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**S Subha Shree**  
Company Secretary

Chennai  
May 21, 2021

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2021

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

### A. Equity Share Capital

Particulars	Amount
As at April 1, 2019	11.97
Changes in Equity Share Capital	0.58
As at March 31, 2020	12.55
Changes in Equity Share Capital	2.02
As at March 31, 2021	14.57

### B. Other Equity

Description	Reserve and Surplus						Items of OCI			Money Received against share warrants	Total Equity
	General Reserve	Securities Premium	Capital Redemption Reserve	Amalgamation adjustment Account	Retained Earnings	Total reserves and surplus	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total items of OCI		
Balance as at April 1, 2019	160.06	82.11	12.73	(0.20)	(36.42)	218.28	(0.05)	-	(0.05)	-	218.23
Profit/(loss) for the year	-	-	-	-	(45.52)	(45.52)	-	-	-	-	(45.52)
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)	(89.24)	165.46	(9.28)	(2.79)	(12.07)	-	153.39
Transfer from retained earnings	25.83	-	-	-	(25.83)	-	-	-	-	-	-
Contribution by and distribution to owners											
Money received against share warrants	-	-	-	-	-	-	-	-	-	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)
Balance as at March 31, 2020	185.89	98.20	12.73	(0.20)	(121.57)	175.05	(9.28)	(2.79)	(12.07)	8.33	171.31
Profit/(loss) for the year	-	-	-	-	(61.14)	(61.14)	-	-	-	-	(61.14)
Other comprehensive income/(loss) for the year	-	-	-	-	5.58	5.58	(6.05)	6.22	0.17	-	5.75
Income tax on OCI Items	-	-	-	-	(0.08)	(0.08)	-	(1.50)	(1.50)	-	(1.58)
Total comprehensive income for the year	185.89	98.20	12.73	(0.20)	(177.21)	119.41	(15.33)	1.93	(13.40)	8.33	114.34
Contribution by and distribution to owners											
Money received against share warrants	-	-	-	-	-	-	-	-	-	1.67	1.67
Premium on preferential issue of equity shares	-	51.31	-	-	-	51.31	-	-	-	-	51.31
Balance as at March 31, 2021	185.89	149.51	12.73	(0.20)	(177.21)	170.72	(15.33)	1.93	(13.40)	10.00	167.32

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

For and on behalf of the Board of Directors

**Ganesh Lakshminarayan**

Chairman

DIN:00012583

**Harish Lakshman**

Vice Chairman

DIN:00012602

**Gowri Kailasam**

Manager

**B Gnanasambandam**

Chief Financial Officer

**S Subha Shree**

Company Secretary

Chennai

May 21, 2021

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) for the year	(61.14)	(45.52)
Adjustments for :		
Income tax expense recognised in profit and loss	5.67	0.98
Finance costs recognised in profit and loss	27.04	37.28
Interest income recognised in profit and loss	(0.37)	(0.44)
Net loss/(gain) on disposal of property, plant and equipment	(0.11)	(0.06)
Government grant income	(1.68)	(1.54)
Unrealised exchange (gain)/loss	(10.82)	(14.93)
Impairment loss on financial assets	3.48	(2.82)
Depreciation and amortisation	66.12	65.87
Impairment of goodwill	-	1.96
	<b>28.19</b>	<b>40.78</b>
<b>Movements in working capital :</b>		
(Increase) / decrease in trade receivables	(82.07)	59.61
(Increase) / decrease in inventories	(2.72)	14.96
(Increase) / decrease in other non current financial assets	(5.97)	(12.16)
(Increase) / decrease in other current financial assets	(0.72)	3.43
(Increase) / decrease in other current / non current assets	(1.60)	1.85
(Increase) / decrease in loans	0.01	(0.08)
Increase / (decrease) in trade payables	99.14	(26.47)
Increase / (decrease) in long term provisions	(2.01)	(0.12)
Increase / (decrease) in short term provisions	(5.98)	(1.66)
Increase / (decrease) in other current / non current financial liabilities	15.76	(3.36)
Increase / (decrease) in other non current liabilities	7.93	5.84
Increase / (decrease) in other current liabilities	5.27	(5.24)
<b>Cash generated from operations</b>	<b>55.23</b>	<b>77.38</b>
Income Tax paid	(9.32)	(8.20)
<b>Net cash (used in) / generated by operating activities</b>	<b>45.91</b>	<b>69.18</b>
<b>B. Cash flow from investing activities</b>		
Interest received	0.34	0.34
Payments for property, plant and equipment	(80.59)	(104.47)
Proceeds from disposal of property, plant and equipment	0.25	1.60
Bank balances not considered as cash and cash equivalents	0.03	0.01
<b>Net cash (used in) / generated by investing activities</b>	<b>(79.97)</b>	<b>(102.52)</b>

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	2.02	0.58
Proceeds from share premium on equity shares	51.31	16.09
Money received against share warrant	1.67	8.33
Proceeds from long term borrowings	80.50	150.65
Repayment of long term borrowings	(101.92)	(70.94)
Proceeds from short term borrowings	286.31	-
Repayment of short term borrowings	(274.74)	(26.68)
Dividend paid	-	(5.39)
Tax on dividend	-	(1.11)
Interest paid	(22.20)	(34.74)
Payment of lease liabilities	(1.89)	(3.02)
<b>Net cash (used in)/ generated by financing activities</b>	<b>21.06</b>	<b>33.77</b>
<b>Net increase in cash and cash equivalents</b>	<b>(13.00)</b>	<b>0.43</b>
Cash and cash equivalents at the beginning of the year (Refer note 12)	18.30	17.89
<b>Cash and Cash equivalents at the end of the year (Refer note 12)</b>	<b>5.30</b>	<b>18.30</b>

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**

Partner

Membership no: 203491

Chennai

May 21, 2021

**Ganesh Lakshminarayan**

Chairman

DIN:00012583

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Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**

Vice Chairman

DIN:00012602

**Gowri Kailasam**

Manager

**S Subha Shree**

Company Secretary

Chennai

May 21, 2021

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(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 have 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 Precision Die Casting Inc. (Rane Light Metal Castings Inc. w.e.f June 4, 2020) 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 consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, as amended from time to time. The Group has consistently applied accounting policies to all periods.

### 1.11 Basis of preparation and presentation

The consolidated 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.

Items	Measurement basis
Certain financial assets and liabilities (including forward contracts)	Fair value
Investments	Fair value
Defined benefit liability / plan assets	Present value of defined benefit obligation / plan assets

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 commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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. For qualifying assets, borrowing costs are capitalised in accordance with Ind AS 23 - Borrowing costs.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. 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. Property, plant and equipment are subsequently measured at cost less depreciation and impairment loss.

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### Depreciation

Depreciation is recognised using straight-line method 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 determined 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.

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

Estimated useful lives of the assets are as follows:

Category of assets	Management estimate of useful Life (in years)	Useful life as per Schedule II (in years)
Buildings	30 Years	30 Years
Plant and equipment	3-15 Years	15 years
Moulds	3-4 Years	8 years
Vehicles	4-5 Years	6 years
Furniture and fixtures	5 Years	10 years
Office equipment (other than computers)	3 Years	5 years
Computers, Server and networks	3-5 Years	3-6 years

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 is not amortised but it is tested for impairment annually, or more frequently 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 Group for its use. The amortisation period are reviewed

## Notes forming part of the Consolidated financial statements as at and for the year ended March 31, 2021

at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

### 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

### 1.14 Impairment of tangible and intangible assets including goodwill

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 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 are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset.

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.

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

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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.

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 Group 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.

### 1.17 Inventories

Inventories are valued at the lower of cost on weighted average basis and estimated net realisable value (net

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

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.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realisable value is made on an item-by-item basis.

### 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 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 Company's functional and presentation currency.

## Notes forming part of the Consolidated financial statements as at and for the year ended March 31, 2021

### (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 or loss in the period in which they arise except for qualifying cash flow hedges to the extent that the hedges are effective.

### (iii) Foreign operations

The assets and liabilities of foreign operations (i.e. subsidiaries) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal.

### 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 (i.e. when products are delivered to customers or when delivered to a carrier, as the case may be) at an amount that reflects the consideration that the Group expects to receive in exchange for those products or services. Revenue is reduced for estimated discounts and other similar allowances.

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

Revenue from services are recognised when the performance obligations that are satisfied over a period of time.

### 1.22 Other income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or

receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

### 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 or 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 income in the balance sheet and transferred to profit or loss on a systematic 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 or 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

The Group's defined contribution plans comprise of contribution to provident fund and National

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

Pension Scheme in India and contribution to 401k plan and savings plan in the United States. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

### (iii) Defined Benefit Plan

The Group's defined benefit plans comprise of gratuity plan in India and pension plan in the United States. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to

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

defined benefit plans are recognised in profit or loss.

### (iv) 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. Those that are expected to be encashed after 12 months from the end of the year are treated as other long-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. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

### 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.

### 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

## Notes forming part of the Consolidated financial statements as at and for the year ended March 31, 2021

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.

### 1.28 Taxation

Income tax expense represents the sum of the current tax 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/(Loss) 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.

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

#### 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 except for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 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.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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 or 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 recognised in other comprehensive income or directly in equity respectively.

### 1.29 Financial instruments

#### i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (except trade receivables and contract asset) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### ii. Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group has irrevocably elected to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group has irrevocably designated a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

## Notes forming part of the Consolidated financial statements as at and for the year ended March 31, 2021

### Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

### Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### iii. Derecognition

##### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains

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

either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### v. Derivative financial instruments and hedge accounting

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

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If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

### Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

### Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no

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realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### 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 115.

### 1.30 Fair Value

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value

## Notes forming part of the Consolidated financial statements as at and for the year ended March 31, 2021

of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 1.31 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.

### 1.32 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.

### 1.33 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) review the operating results of the Group 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 segment, namely components for transportation industry.

### 1.34 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

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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 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.

Actual results may differ from these judgments and estimates.

#### Assumptions and estimation uncertainties

Important estimates relate largely to provisions, employee benefit plans, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities, valuation of inventories, fair value of derivatives 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.

#### Estimation of uncertainties relating to the global health pandemic from COVID-19

COVID-19 pandemic has rapidly spread throughout the world, including India. Governments have taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions on activities. Consequently, the Group's manufacturing plants and offices had to be closed down / operate under restrictions for a period of time during the year. These measures have an impact on matters relating to commodity prices, supply chain matters, customer demand, personnel available for work and for being available to access offices etc.

The Group has considered the possible effects that may result from the continued effect of the pandemic on the

## Notes forming part of the Consolidated financial statements as at and for the year ended March 31, 2021

carrying amounts of assets (net of impairment losses), capital and financial resources, profitability, liquidity position, internal financial controls etc. In developing the assumptions relating to the possible future uncertainties, the Group, as at the date of approval of these financial statements has used internal and external sources of information and based on current estimates expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements dependent on circumstances that evolve in the future. The Group will continue to closely monitor any material changes to future economic conditions.

### 1.35 Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated

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balances at the beginning of the current reporting period.

- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of the group, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

## Notes forming part of the Consolidated financial statements

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### 2 Property, Plant and Equipment and Capital Work-in-progress

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amounts of:</b>		
Freehold land	26.07	26.07
Lease hold improvements	4.17	1.48
Buildings	74.64	77.23
Plant and equipment	292.52	261.95
Furniture and fixtures	0.81	1.23
Office equipment	2.78	4.62
Vehicles	0.20	0.29
<b>Sub total</b>	<b>401.19</b>	<b>372.87</b>
Capital work-in-progress	31.14	49.83
<b>Total</b>	<b>432.33</b>	<b>422.70</b>

#### Gross Block

Particulars	Freehold land	Lease hold land Improvement	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total
Balance as at April 1, 2019	26.07	1.86	88.42	432.46	3.28	11.33	0.65	564.07
Additions	-	0.44	1.90	48.94	0.59	1.96	0.09	53.92
Disposals	-	-	(0.05)	(14.41)	-	(0.05)	-	(14.51)
Effect of foreign currency exchange differences	-	0.20	-	6.41	0.01	0.81	0.02	7.45
Balance as at March 31, 2020	26.07	2.50	90.27	473.40	3.88	14.05	0.76	610.93
Additions	-	3.02	1.07	88.39	0.15	0.62	-	93.26
Disposals	-	-	-	(0.34)	-	-	-	(0.34)
Effect of foreign currency exchange differences	-	(0.06)	-	(2.14)	-	(0.00)	(0.00)	(2.20)
Balance as at March 31, 2021	26.07	5.46	91.34	559.31	4.03	14.68	0.76	701.65

#### Accumulated depreciation

Particulars	Freehold land	Lease hold land Improvement	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total
Balance as at April 1, 2019	-	0.68	9.42	165.05	1.97	6.80	0.38	184.30
Depreciation expense	-	0.26	3.62	55.06	0.68	2.50	0.09	62.21
Effect of foreign currency exchange differences	-	0.08	-	3.04	-	0.13	-	3.25
Disposals	-	-	-	(11.70)	-	-	-	(11.70)
Balance as at March 31, 2020	-	1.02	13.04	211.45	2.65	9.43	0.47	238.06
Disposals	-	-	-	(0.19)	-	-	-	(0.19)
Depreciation expense	-	0.30	3.66	56.73	0.57	2.51	0.10	63.87
Effect of foreign currency exchange differences	-	(0.03)	-	(1.20)	-	(0.05)	-	(1.28)
Balance as at March 31, 2021	-	1.29	16.70	266.79	3.22	11.89	0.57	300.46
Carrying amount as at March 31, 2020	26.07	1.48	77.23	261.95	1.23	4.62	0.29	372.87
Carrying amount as at March 31, 2021	26.07	4.17	74.64	292.52	0.81	2.79	0.19	401.19

## Notes forming part of the Consolidated financial statements

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### Capital work in progress

During the year ended March 31, 2021, the Group commenced installation of new plant and machinery; costs incurred up to the reporting date totaled to INR 31.14 crores (INR 49.83 crores as at March 31, 2020). Such amounts include capitalised borrowing costs.

At March 31, 2021, capitalised borrowing costs related to the installation of plant and machinery amounted to INR 1.76 crores (INR 0.38 crores for March 31, 2020), with a capitalisation rate of 3.3 percent.

Movement in capital work in progress is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
As at the beginning of the year	49.83	15.62
Additions / (Capitalisations)	(18.69)	34.21
As at the end of the year	31.14	49.83

### Impairment assessment

Group tested the assets relating to the Group's entity in the United States of America (Rane Light Metal Casting Inc.) for impairment. In order to carry out the above assessment, projections of future cash flows of the operating step-down subsidiary 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 statements may differ from that estimated as at the date of approval of these financial statements depending on the circumstances that may evolve in the future.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

in percent	As at March 31, 2021	As at March 31, 2020
Discount rate	7.80% to 8.80%	8.80% to 10.00%
Terminal value growth rate	2.50%	2.50%
Revenue growth rate	22.18%	12.14%

Application of sensitivities over the above assumptions would not result in an impairment loss as at the year end.

### 3 Right of use assets

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Right of use assets	9.25	4.54
<b>Total</b>	<b>9.25</b>	<b>4.54</b>

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Particulars	Land	Buildings	Vehicles	Plant and Machinery	Office equipment	Others	Total
<b>Cost</b>							
Balance as at April 1, 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	-	-	-	-	-	-	-
Additions	-	-	-	12.95	-	-	12.95
Effect of foreign currency exchange differences	-	-	-	1.04	0.24	-	1.28
Balance as at March 31, 2020	2.20	0.88	1.29	14.45	1.12	0.18	20.12
Additions	3.16	0.96	-	2.02	0.66	-	6.80
Disposals	-	-	(0.41)	(14.25)	(0.07)	-	(14.73)
Effect of foreign currency exchange differences	-	-	-	(0.20)	(0.19)	-	(0.39)
Balance as at March 31, 2021	5.36	1.84	0.88	2.02	1.52	0.18	11.80
<b>Accumulated depreciation</b>							
Particulars	Land	Buildings	Vehicles	Plant and Machinery	Office equipment	Others	Total
Balance as at April 1, 2019	-	-	-	-	-	-	-
Depreciation expense	0.09	0.40	0.34	1.25	0.59	0.04	2.71
Transfer from Property, Plant and Equipment	-	-	-	11.70	-	-	11.70
Effect of foreign currency exchange differences	-	-	-	1.01	0.16	-	1.17
Balance as at March 31, 2020	0.09	0.40	0.34	13.96	0.75	0.04	15.58
Depreciation expense	0.20	0.43	0.33	0.52	0.37	0.02	1.87
Disposals	-	-	(0.21)	(14.38)	(0.07)	-	(14.66)
Effect of foreign currency exchange differences	-	-	-	0.28	(0.52)	-	(0.24)
Balance as at March 31, 2021	0.29	0.83	0.46	0.38	0.53	0.06	2.55
Carrying amount as at March 31, 2020	2.11	0.48	0.95	0.49	0.37	0.14	4.54
Carrying amount as at March 31, 2021	5.07	1.01	0.42	1.64	0.99	0.12	9.25

#### 4 Goodwill

Particulars	As at March 31, 2021	As at March 31, 2020
Cost	4.06	6.02
Impairment loss for the year	-	1.96
<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 - Light Metal Castings India and Rane Light Metal Casting Inc., United States of America.

Goodwill relates to the following cash generating units

CGU	As at March 31, 2021	As at March 31, 2020
Light Metal Casting India (LMCI)	4.06	6.02
Rane Light Metal Casting Inc., (LMCA)	-	1.96

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The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU)-Light Metal Castings India is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets for a five year period approved by management.

### Key assumptions used for value-in-use calculations

#### 4.1 In respect of LMCI:

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use is based on the following key assumptions:

in percent	As at March 31, 2021	As at March 31, 2020
Discount rate	12.77%	11.29%
Terminal value growth rate	3.00%	3.00%
Budgeted revenue growth rate	20.72%	16.73%

The discount rate is a pre-tax measure based on the rate of 10 year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Five years of cash flows have been included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the growth rate estimated by management.

Based on the assessment, management has concluded that there is no impairment for Goodwill. Further, application of sensitivities over the above assumptions would not result in an impairment loss as at the year end.

#### 4.2 In respect of LMCA:

As per requirements of Ind AS 36, during the year ended March 31, 2020, the Group had assessed the recoverable value of the assets including goodwill relating to Rane Light Metal Casting Inc. and provided for an impairment loss aggregating to ₹ 1.96 crores as at March 31, 2020. In order to carry out the impairment assessment, projections of future cash flows of the operating step-down subsidiaries 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 statements may differ from that estimated as at the date of approval of these financial statements dependent on circumstances that evolve in the future. Refer Note 2 for the key assumptions considered in the value in use calculation for LMCA.

## 5 Other Intangible Assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amounts of:</b>		
Software Licence	0.28	0.59
<b>Total</b>	<b>0.28</b>	<b>0.59</b>

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Particulars	Software Licence
<b>Cost</b>	
Balance as at April 1, 2019	3.59
Additions	0.15
Disposals	-
Balance as at March 31, 2020	3.74
Additions	0.07
Disposals	-
Balance as at March 31, 2021	3.81
<b>Accumulated amortisation</b>	
Balance as at April 1, 2019	2.20
Amortisation expense	0.95
Balance as at March 31, 2020	3.15
Amortisation expense	0.38
Balance as at March 31, 2021	3.53
Carrying amount as at March 31, 2020	0.59
Carrying amount as at March 31, 2021	0.28

### 6 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Investments in equity instruments (fully paid-up) (Unquoted) at FVTPL		
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	0.60	0.60
Aggregate amount of impairment in value of investments	-	-

### 7 Other Financial Assets

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Security deposits	7.16	10.24	-	-
Insurance claims	9.01	10.08	-	1.28
Claims receivable	-	-	0.58	0.13
Margin money deposits (Refer note below)	2.16	2.22	0.12	0.12
Interest receivable	-	-	0.48	0.36
Tooling related receivables	36.99	26.92	-	-
Derivative assets	1.91	-	0.45	-
Export entitlements	-	-	5.34	3.80
<b>Total</b>	<b>57.23</b>	<b>49.46</b>	<b>6.97</b>	<b>5.69</b>

#### Note:

Margin money with banks includes restricted cash deposits provided as collateral for bank guarantees and borrowings.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

## 8 Income Tax assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	14.46	9.95
Less: Current tax payable for the year	(7.18)	(3.69)
Add: Taxes paid	9.33	8.20
Closing Balance	16.61	14.46

## 9 Other Assets

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Unsecured and considered good unless otherwise stated :				
Capital advances	13.85	21.50	-	-
Advances paid to suppliers	-	-	17.38	4.19
Advances to employees	-	-	0.12	0.12
Balance with statutory authorities	-	-	11.21	7.30
Deposit with government authorities	8.46	5.07	-	-
Prepaid expenses	3.38	0.61	5.61	6.20
Others	4.04	5.67	3.89	2.56
Total	29.73	32.85	38.21	20.37

## 10 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
(At lower of cost and net realisable value)		
Raw materials	41.10	36.57
Work-in-progress	24.67	18.62
Finished goods	49.13	67.05
Stores and spares	31.15	30.94
Goods in transit (Finished Goods)	13.11	3.66
Total	159.16	156.84

During the year ended March 31, 2021, the Company recorded inventory write-down expenses of INR 3.07 crores.

The mode of valuation of inventories has been stated in Note 1.17

## 11 Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
From Related parties		
Trade Receivables Considered good - Unsecured	2.48	2.56
Trade receivable - Credit impaired	-	-
Sub Total	2.48	2.56
From Others		
Trade Receivables Considered good - Unsecured	267.61	188.24
Trade receivable - Credit impaired	3.86	2.15
Sub Total	271.47	190.39
Less: Allowance for credit impaired (expected credit loss allowance)	(3.86)	(2.15)
Total	270.09	190.80

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

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 over a rolling period of past 24 months and b) actual amount of outstanding receivables as on the reporting date.

(i) **Movements in allowance for credit losses of receivables as per ECL is as below**

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	2.15	4.92
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	2.21	(2.82)
Foreign exchange adjustment	(0.05)	0.05
Bad debts written off/written back	(0.45)	-
Balance at the end of the year	3.86	2.15

### 12 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks (including deposits with original maturity up to 3 months)		
(i) In Current account	4.94	14.08
(ii) In EEFC account	1.99	4.07
(iii) In Deposit account	-	-
Cash on hand	0.20	0.20
Total	7.13	18.35

#### Reconciliation of cash and cash equivalents to cash flow statement

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents as above	7.13	18.35
Add: Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(0.03)	(0.05)
Bank overdraft availed for cash management purposes	(1.80)	-
Total	5.30	18.30

### 13 Other bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks in earmarked accounts		
In Unclaimed Dividend account	0.15	0.18
Total	0.15	0.18

### 14 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Loans receivable considered good - Unsecured		
a. Loans to employees	0.34	0.33
Total	0.34	0.33

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

## 15 Equity Share Capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>AUTHORISED :</b>		
Equity Shares:		
2,50,00,000 equity shares of ₹10 each	25.00	25.00
Preference shares:		
1,05,00,000 preference shares of ₹10 each	10.50	10.50
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,45,65,309 equity shares of ₹10 each fully paid-up	14.57	12.55
1,45,65,309 fully paid equity shares of ₹10 each (as at March 31, 2020 : 1,25,53,891 fully paid equity shares of ₹10 each)	14.57	12.55

## 15.1 Movement in Equity Share Capital

Particulars	2020-21		2019-20	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
<b>Equity Shares of ₹10 each fully paid up</b>				
At the beginning of the year	1,25,53,891	12,55,38,910	1,19,73,171	11,97,31,710
Allotment of shares under preferential issue	20,11,418	2,01,14,180	5,80,720	58,07,200
At the end of the year	1,45,65,309	14,56,53,090	1,25,53,891	12,55,38,910

## 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, 2021		March 31, 2020	
	Nos.	%	Nos.	%
Rane Holdings Ltd.	99,72,816	68.47%	79,61,398	63.42%

## 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, 2021		March 31, 2020	
	Nos.	%	Nos.	%
Rane Holdings Ltd.	99,72,816	68.47%	79,61,398	63.42%

## 15.4 Information regarding issue of shares in the last five years

- (a) The Company has not issued any shares without payment being received in cash.
- (b) The Company has not issued any bonus shares.
- (c) The Company has not undertaken any buy-back of shares.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

### 16 Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
General Reserve	185.89	185.89
Securities Premium	149.51	98.20
Amalgamation adjustment account	(0.20)	(0.20)
Capital redemption reserve	12.73	12.73
Money Received against Share warrant	10.00	8.33
Retained Earnings	(177.21)	(121.57)
Foreign Currency translation reserve	(15.33)	(9.28)
Cash flow hedging reserve	1.93	(2.79)
<b>Total</b>	<b>167.32</b>	<b>171.31</b>

Particulars	As at March 31, 2021	As at March 31, 2020
<b>General Reserve</b>		
Opening balance	185.89	160.06
Add :Addition during the year	-	25.83
<b>Closing balance</b>	<b>185.89</b>	<b>185.89</b>

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, 2021	As at March 31, 2020
<b>Securities Premium</b>		
Opening balance	98.20	82.11
Add :Addition during the year	51.31	16.09
<b>Closing balance</b>	<b>149.51</b>	<b>98.20</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.

Particulars	As at March 31, 2021	As at March 31, 2020
<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 becomes the amalgamation adjustment reserve of transferee Company. The Company established this reserve at the time of business combinations made in the earlier years.

Particulars	As at March 31, 2021	As at March 31, 2020
<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>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

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, 2021	As at March 31, 2020
<b>Money Received against Share warrant</b>		
Opening balance	8.33	-
Add :Additions/(Deletions) during the year	1.67	8.33
<b>Closing balance</b>	<b>10.00</b>	<b>8.33</b>

Amounts received against share warrants that are pending to be allotted as at the balance sheet date are disclosed as 'Money received against share warrants.'

The closing balance represents monies received from Rane Holdings Limited (Holding company) on account of Preferential issue of share warrants that were allotted. The terms of share warrants are such that the 25% of purchase price is to be paid upfront on warrant issue and allotment and the balance 75% is to be paid at the time of conversion of shares warrants to equity shares. These warrants are convertible into equity shares of the Company within a period of 18 months from the date of allotment of warrant.

During the year ended March 31, 2021, the Company has received ₹25 crores from Rane Holdings Limited as warrant exercise price towards conversion of the outstanding 11,61,440 warrants issued on preferential basis and has allotted equivalent equity shares of ₹10 each fully paid up on January 07, 2021. Consequently, the issued and paid up capital stands increased by 11,61,440 equity shares of ₹10/- each fully paid-up.

The Company also received ₹15 crores from Rane Holdings Limited as warrant subscription price for 25,49,936 warrants convertible into equity shares of ₹10/- each that were issued and allotted on preferential basis on January 29, 2021. Of the 25,49,936 warrants, 8,49,978 warrants were converted and on conversion the Company received ₹15 crores from Rane Holdings Limited as warrant exercise price towards such conversion and has allotted equivalent equity shares of ₹10/- each fully paid.

The details of the movement in money received against share warrants during the current year is set out below:

Particulars	No. of warrants	Amount in INR crores
<b>Opening balance</b>	<b>11,61,440</b>	<b>8.33</b>
<b>Changes in share warrants during the year 20-21</b>		
Warrant money received towards exercise of warrants issued during FY 19-20	11,61,440	25.00
Less: Transfer to share capital and premium upon warrant conversion during FY20-21 in respect of warrants issued during FY 19-20		(33.33)
Warrant money received against allotment of new warrants during FY 20-21	25,49,936	15.00
Warrant money received towards partial exercise of warrants issued during FY 20-21	8,49,978	15.00
Less: Transfer to share capital and premium upon warrant conversion during FY20-21 in respect of warrants issued during the year		(20.00)
<b>Sub-total</b>		<b>1.67</b>
<b>Closing balance</b>		<b>10.00</b>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Retained Earnings</b>		
Balance at the beginning of the year	(121.57)	(36.42)
Profit/(Loss) attributable to equity shareholders of the company	(61.14)	(45.52)
Other comprehensive income/(Loss) arising from remeasurement of defined benefit obligation net of income tax	5.50	(7.30)
Transfer to General Reserve	-	(25.83)
Payment of dividends on equity shares	-	(6.50)
<b>Balance at the end of the year</b>	<b>(177.21)</b>	<b>(121.57)</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.

Balance of retained earnings at the end of the year includes cumulative other comprehensive loss arising from remeasurement of defined benefit obligations, net of tax, amounting to INR 4.05 crores as at March 31, 2021 (March 31, 2020: INR 9.55 crores).

The board has not declared dividend for the year ended March 31, 2021 and March 31, 2020.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Foreign Currency Translation reserve</b>		
Balance at the beginning of the year	(9.28)	(0.05)
Add :Addition during the year	(6.05)	(9.23)
<b>Balance at the end of the year</b>	<b>(15.33)</b>	<b>(9.28)</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, 2021	As at March 31, 2020
<b>Hedging Reserve</b>		
Balance at the beginning of the year	(4.29)	-
Gain / (loss) recognised on cash flow hedges	6.22	(4.29)
<b>Total</b>	<b>1.93</b>	<b>(4.29)</b>
Balance at the beginning of the year	1.50	-
Income tax relating to gain/loss recognised on cash flow hedges	(1.50)	1.50
(Gain) / loss reclassified to profit or loss	-	-
Income tax relating to gain/loss reclassified to profit or loss	-	-
<b>Balance at the end of the year</b>	<b>1.93</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.

As at March 31, 2021, the company did not have any foreign currency forward contracts which are designated as hedge instruments and hence all gains and losses in respect of such contracts have been recorded in the statement of profit and loss.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

## 17A Non-current borrowings

Particulars	Non-current		Current Maturities (Refer Note 18)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - at amortised cost</b>				
Term Loans				
- from banks	19.38	30.00	-	-
<b>Sub Total</b>	<b>19.38</b>	<b>30.00</b>	<b>-</b>	<b>-</b>
<b>Secured - at amortised cost</b>				
Term Loans				
- from banks	169.97	169.91	61.59	73.47
Working capital loan				
- from banks	-	-	36.77	-
<b>Sub Total</b>	<b>169.97</b>	<b>169.91</b>	<b>98.36</b>	<b>73.47</b>
<b>Total</b>	<b>189.35</b>	<b>199.91</b>	<b>98.36</b>	<b>73.47</b>

## Summary of borrowing arrangements

Secured loans include loan from banks. The Secured Loans outstanding as at March 31, 2021 and 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 Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.) and shares of Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.) held by Rane (Madras) International Holdings B.V.;

EXIM Bank loan availed by Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.) 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).

## The terms of repayment of term loans are given below

As at March 31, 2021

## Secured

Particulars	Balance	Terms of repayment
HDFC Bank - INR Long Term Loan	2.64	Repayable in 12 equal quarterly Instalments commencing from January 2018 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	5.05	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	5.32	Repayable in 12 equal quarterly Instalments commencing from March 2019 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	12.49	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
HDFC Bank - INR Long Term Loan	12.72	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	85.00	Repayable in 12 equal quarterly Instalments commencing from September 2021 with 2 years of moratorium period
Axis Bank - INR Long Term Loan	10.00	Repayable in 48 equal monthly Instalments commencing from March 2022 with 1 year of moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	11.76	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	3.67	Repayable in 12 equal quarterly Instalments commencing from February 2019 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	82.91	Repayable in 12 structured quarterly Instalments commencing from February 2022 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Working Capital Loan (USD)	36.77	Repayable within one year
<b>Total</b>	<b>268.33</b>	
<b>Unsecured</b>		
Paycheck Protection Program Loan	19.38	

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

The interest rate for INR loans range from 5.8% p.a to 6.25% 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 had availed 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 had been rescheduled.

As at March 31, 2020

### Secured

Particulars	Balance	Terms of repayment
HDFC Bank - INR Long Term Loan	7.35	Repayable in 12 equal quarterly Instalments commencing from January 2018 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	7.50	Repayable in 12 equal quarterly Instalments commencing from April 2019 with 3 Years of Moratorium period
HDFC Bank - INR Long Term Loan	7.06	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	15.00	Repayable in 12 equal quarterly Instalments commencing from March 2019 with 2 Years of Moratorium period
HDFC Bank - INR Long Term Loan	15.00	Repayable in 10 equal quarterly Instalments commencing from January 2020 with 30 months of moratorium period
ICICI Bank - INR Long Term Loan	20.00	Repayable in 12 equal quarterly Instalments commencing from September 2019 with 23 months of moratorium period
SCB - INR Long Term Loan	25.45	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	71.36	Repayable in 12 equal quarterly Instalments commencing from September 2021 with 2 years of moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	21.25	Repayable in 12 equal quarterly Instalments commencing from October 2018 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	6.28	Repayable in 12 equal quarterly Instalments commencing from February 2019 with 2 Years of Moratorium period
EXIM Bank - Foreign Currency Term Loan (USD)	47.13	Repayable in 12 structured quarterly Instalments commencing from February 2022 with 2 Years of Moratorium period
<b>Total</b>	<b>243.38</b>	
<b>Unsecured</b>		
AXIS Bank - INR Long Term Loan	30.00	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

### Breach of covenants relating to loan arrangements

There is no breach of covenants relating to loan arrangement with banks.

## 17B Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - at amortised cost</b>		
Loans from banks	28.81	20.00
Bill Discounting*	-	5.87
<b>Secured - at amortised cost**</b>		
Loans from banks	143.80	170.79
<b>Total</b>	<b>172.61</b>	<b>196.66</b>

\*Bill Discounting represent amount received against trade receivables securitized / assigned, which does not qualify for derecognition.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

- \*\* Secured loans include cash credit, packing credit, Buyers credit and working capital demand loan from banks. The Secured Loans outstanding as at March 31, 2021 and 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 Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.) and shares of Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.) held by Rane (Madras) International Holdings B.V.

## 17C Reconciliation of movements of liabilities to cash flows arising from financing activities

Particulars	Short-term borrowings	Long-term borrowings (including current maturities)	Lease liabilities
Balance as at April 1, 2019	223.03	193.66	1.36
<b>Changes from financing cash flows</b>			
Proceeds from long term borrowings	-	150.65	-
Repayment of long term borrowings	-	(70.94)	-
Proceeds from short term borrowings	-	-	-
Repayment of short term borrowings	(26.68)	-	-
Payment of lease liabilities	-	-	(3.02)
<b>Other changes</b>			
New leases	-	-	5.89
Others	(1.77)	-	-
Interest expense	36.82	-	0.46
Interest paid	(34.74)	-	-
Impact of foreign exchange rate differences	-	-	0.11
Balance as at March 31, 2020	196.66	273.38	4.80
<b>Changes from financing cash flows</b>			
Proceeds from long term borrowings	-	80.50	-
Repayment of long term borrowings	-	(101.92)	-
Proceeds from short term borrowings	286.31	-	-
Repayment of short term borrowings	(274.74)	-	-
Payment of lease liabilities	-	-	(1.89)
<b>Other changes</b>			
New leases	-	-	5.72
Others	(39.65)	35.75	-
Interest expense	26.23	-	0.81
Interest paid	(22.20)	-	-
Balance as at March 31, 2021	172.61	287.71	9.44

## 18 Other financial liabilities

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Security Deposits	-	-	0.42	0.43
Interest accrued but not due on borrowings	-	-	0.84	1.32
Unclaimed dividends	-	-	0.15	0.17
Current maturities of long-term debt	-	-	98.36	73.47
Payable to employees	-	-	10.00	8.90
Derivative Liability	-	-	-	4.29
Lease liabilities	7.98	3.61	1.46	1.19
Commission payable to Chairman	-	-	0.39	0.30
Payables on purchase of fixed assets	-	-	0.97	0.37
Others <sup>^</sup>	-	-	14.62	0.09
<b>Total</b>	<b>7.98</b>	<b>3.61</b>	<b>127.21</b>	<b>90.53</b>

<sup>^</sup> Comprises of dealer incentives and royalty payable amounting to INR 11.47 crores and INR 3.05 crores respectively as at March 31, 2021.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

### 19 Provisions

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for leave encashment	5.89	6.09	0.91	1.24
Provision for Gratuity (refer note 35)	-	-	1.03	10.21
Provision for Pension plan (refer note 35)	13.69	21.23	-	-
Provision for Warranty	-	-	8.62	5.42
<b>Total</b>	<b>19.58</b>	<b>27.32</b>	<b>10.56</b>	<b>16.87</b>

(i) Information about individual provisions and significant estimates

**Provision for leave encashment**

The provision for leave encashment includes annual leave 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
<b>As at April 1, 2019</b>	<b>7.54</b>	<b>6.98</b>
Charged/(credited) to profit or loss	1.08	3.49
Amounts utilised during the year	(1.29)	(5.05)
<b>As at March 31, 2020</b>	<b>7.33</b>	<b>5.42</b>
Charged/(credited) to profit or loss	1.30	3.42
Amounts utilised during the year	(1.83)	(0.22)
<b>As at March 31, 2021</b>	<b>6.80</b>	<b>8.62</b>

### 20 Other liabilities

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Deferred income	0.91	2.49	1.82	1.84
Statutory dues	-	-	7.59	2.29
Tooling advance received from customers	10.08	2.14	6.83	2.17
Advances from Customers	-	-	0.01	0.99
<b>Total</b>	<b>10.99</b>	<b>4.63</b>	<b>16.25</b>	<b>7.29</b>

### 21 Deferred tax balances

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

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities(net)	(1.77)	(1.69)
<b>Total</b>	<b>(1.77)</b>	<b>(1.69)</b>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

## Movements in Deferred Tax Liabilities

Particulars	Provision for employee benefit expense	Depreciation	Cash flow hedge reserve	Others^	Total
As at April 1, 2019	8.18	(21.02)		6.07	(6.77)
Charged/(Credited)					
- to profit & loss	(0.16)	3.05		(0.18)	2.71
- to other comprehensive income	-	-	1.50	0.87	2.37
As at March 31, 2020	8.02	(17.97)	1.50	6.76	(1.69)
Charged/(Credited)					
- to profit & loss	(4.63)	8.63	-	(2.50)	1.50
- to other comprehensive income	(0.08)	-	(1.50)	-	(1.58)
As at March 31, 2021	3.31	(9.34)	-	4.26	(1.77)

^ Includes deferred taxes in respect of provision for warranty, provision for bad and doubtful debts and provision for inventories.

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following tax losses, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses	198.63	53.63	123.21	33.27

## 22 Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables-Micro and Small enterprises	4.81	9.03
Trade payables - Related Parties	6.69	4.98
Trade payables-Others	282.45	175.44
<b>Total</b>	<b>293.95</b>	<b>189.45</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, 2021	As at March 31, 2020
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	4.81	9.03
- 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	2.67	0.87
- Interest	0.02	0.01
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:		

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

Particulars	As at March 31, 2021	As at March 31, 2020
- 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.	-	-

### 23 Revenue from operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sales of Products	1,241.94	1,251.44
Other operating revenues		
- Scrap sales	11.97	11.87
- Sale of raw materials	5.35	3.64
- Job charges	-	0.05
- Export Entitlements	8.13	10.08
<b>Total</b>	<b>1,267.39</b>	<b>1,277.08</b>

#### Reconciliation of revenue from sale of products

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross revenues	1,261.71	1,267.47
Less: Customer discounts	(19.77)	(16.03)
<b>Net revenues from sale of products</b>	<b>1,241.94</b>	<b>1,251.44</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 in 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, 2021	Year ended March 31, 2020
<b>Revenue by Geography</b>		
India	849.61	841.76
USA	220.08	243.59
Outside India	172.25	166.09
<b>Total revenue from contracts with customers</b>	<b>1,241.94</b>	<b>1,251.44</b>
<b>Revenue by offerings</b>		
Manufactured goods		
Steering and Suspension Linkage Products, Steering Gear Products and Hydraulic Products	990.00	940.32
Diecasting products	198.74	265.77
Other Auto components	53.20	45.35
<b>Total revenue from contracts with customers</b>	<b>1,241.94</b>	<b>1,251.44</b>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

### 23.2 Trade Receivables

The Group classifies the right to consideration in exchange for goods transferred as receivable.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognised when the Group satisfies the performance obligation by transferring the promised goods to the customers.

Trade receivable are presented net of impairment in the Balance Sheet.

### 23.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Receivables, included under trade receivables	270.09	190.80
Contract liabilities included under advance from customers	0.01	0.99

The contract liabilities primarily relate to the advance consideration received from customers for manufacturing of products.

The amount of INR 0.99 crores included in contract liabilities as at March 31, 2020 has been recognised as revenue for the year ended March 31, 2021 (March 31, 2020: INR 0.62 crores).

## 24 Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income earned on financial assets that are not designated at fair value through profit or loss		
- On Deposits	0.37	0.30
- On Supplier payments	0.11	0.14
Net gain on foreign currency transactions	3.93	10.74
Net Gain on disposal of property, plant and equipment	0.11	0.06
Other non-operating income		
Government Grant Income	1.68	1.54
Other non-operating Income	0.67	1.66
<b>Total</b>	<b>6.87</b>	<b>14.44</b>

## 25 Cost of Materials consumed

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening stock	36.57	44.15
Add: Purchases	716.27	682.30
Less: Closing stock	(41.10)	(36.57)
Raw materials and Components consumed *	711.74	689.88
Freight inward	16.06	14.26
Job work expenses	42.78	40.09
<b>Total</b>	<b>770.58</b>	<b>744.23</b>
* includes cost of raw materials and components sold	4.81	3.21

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

(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, 2021	Year ended March 31, 2020
<b>Opening Stock:</b>		
Work-in-process	18.62	18.92
Finished goods	70.71	81.70
<b>Closing Stock:</b>		
Work-in-process	24.67	18.62
Finished goods	62.24	70.71
<b>(Increase)/Decrease in inventories</b>	<b>2.42</b>	<b>11.29</b>

### 27 Employee Benefit Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, Wages and Bonus	182.14	198.14
Contribution to		
Provident and Other Funds (Refer Note 35)	22.70	19.28
Superannuation Fund	0.57	0.74
National Pension Scheme	0.13	0.13
Savings plan (Refer Note 35A)	1.14	0.73
Pension plan (Refer Note 35A)	1.23	1.28
Gratuity Fund (Refer Note 35)	2.06	1.99
Staff Welfare Expenses	9.56	11.59
<b>Total</b>	<b>219.53</b>	<b>233.88</b>

### 28 Finance Cost

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest costs:		
Interest on bank overdrafts and loans	24.86	35.61
Other Borrowing costs	1.37	1.21
Interest on lease liabilities	0.81	0.46
<b>Total</b>	<b>27.04</b>	<b>37.28</b>

### 29 Depreciation and amortisation expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment (Note 2)	63.87	62.21
Depreciation on right of use asset (Note 3)	1.87	2.71
Amortisation of intangible assets (Note 5)	0.38	0.95
<b>Total</b>	<b>66.12</b>	<b>65.87</b>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

## 30 Other Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Power and Fuel	39.79	39.91
Rent expense	1.04	1.07
Travelling and Conveyance	4.31	8.67
Repairs and Maintenance		
- Buildings	2.64	3.45
- Plant and Machinery	22.27	27.93
- Others	3.03	3.22
Insurance	12.14	7.23
Rates and Taxes	2.60	2.56
Auditors' Remuneration (Refer Note 30.1)	0.50	0.80
Directors' Sitting Fees	0.02	0.19
Professional Charges	11.97	15.86
Impairment loss / (write-back) on financial assets	2.21	(2.82)
Bad debts written off	1.27	-
Printing and Stationery	1.08	1.47
Consumption of stores and spares	49.83	50.77
Packing materials consumed	38.01	33.15
Royalty and Technical Fees	0.06	0.37
Information Systems	5.58	5.80
Commission to Chairman	0.39	0.30
Freight Outward and Storage charges	28.76	24.96
Advertisement and Sales Promotion	0.65	0.73
Sales Commission	0.69	0.38
Product Warranty	3.42	3.49
Trade Mark fee	5.41	5.12
Postage and Telecom expenses	1.00	1.22
Bank Charges	0.63	1.05
Corporate Social Responsibility Expenditure (Refer Note 30.2)	0.99	1.04
Leasehold Land Amortisation	-	0.01
Miscellaneous Expenses	3.75	3.62
<b>Total</b>	<b>244.04</b>	<b>241.55</b>

Included in other expenses are the below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>30.1. Payment to auditors*</b>		
For statutory audit	0.35	0.46
For tax audit	0.01	0.03
For limited review	0.08	0.08
For certification fee	0.06	0.21
For reimbursement of expenses	-	0.02
<b>Total</b>	<b>0.50</b>	<b>0.80</b>
* includes amount of ₹0.22 Crs ( March 31, 2020 - ₹0.80 Crs) paid/payable to a firm other than B S R & Co. LLP		
<b>30.2. Expenditure incurred for Corporate social responsibility</b>		
Total expenditure towards corporate social responsibility	0.99	1.04
(i) Construction/acquisition of any asset		0.04
(ii) On purposes other than (i) above	0.99	1.00
Amount required to be spent u/s 135 of the Companies Act, 2013	0.97	1.04
Excess / (Shortfall)	0.02	-

## Notes forming part of the Consolidated financial statements

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

### 31 Tax Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income taxes</b>		
Income tax recognised in profit or loss		
<b>Current tax</b>		
In respect of current year	7.18	3.69
	7.18	3.69
<b>Deferred tax</b>		
In respect of current year	(1.51)	(2.71)
	(1.51)	(2.71)
<b>Total income tax expense recognised in profit or loss</b>	<b>5.67</b>	<b>0.98</b>

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income taxes</b>		
Income tax recognised in other comprehensive income		
<b>Deferred tax</b>		
In respect of current year	1.58	(2.37)
<b>Total income tax expense /(gain) recognised in other comprehensive income</b>	<b>1.58</b>	<b>(2.37)</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Profit/(Loss) before tax</b>	<b>(55.47)</b>	<b>(44.54)</b>
Tax using the Company's domestic tax rate	(13.96)	(15.56)
Differences in tax rates in foreign jurisdictions and impact of unrecognised deferred tax assets	18.37	20.37
Tax incentives	(0.07)	(2.57)
Non deductible expense	0.35	(0.66)
Tax exempt income	(0.48)	(0.54)
Deductions under Chapter VI A	(0.13)	(0.06)
Impact of change in tax rates & effects of taxes relating to earlier years	1.59	-
<b>Income Tax expense recognised in profit or loss</b>	<b>5.67</b>	<b>0.98</b>

The Company has opted for lower corporate tax rate available under section 115BAA of the Income-tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the company has re-measured its deferred tax liabilities.

The tax rate used for the 2020-21 and 2019-20 tax computation above is the corporate tax rate of 25.17% and 34.94% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

### 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.

The Group monitors the capital structure on the basis of debt to equity of the Group.

## Notes forming part of the Consolidated financial statements

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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 net debt to equity ratio of the Group.

Particulars	As at March 31, 2021	As at March 31, 2020
Debt *	460.32	470.04
Cash and bank balances	7.28	18.53
Net debt	453.04	451.51
Total Equity**	181.89	183.86
Net debt to equity ratio	2.49	2.46

\*Debt is defined as long-term and short-term borrowings.

\*\* Equity includes all capital and reserves of the Group.

## 32.2 Fair Value Measurement

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.

## Financial Instrument by Category

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Loans	-	-	0.34	-	-	0.33
Investments	0.60	-	-	0.60	-	-
Trade Receivables	-	-	270.09	-	-	190.80
Cash and Cash Equivalents	-	-	7.13	-	-	18.35
Bank balances other than above	-	-	0.15	-	-	0.18
Security Deposits	-	-	7.16	-	-	10.24
Claims receivable	-	-	0.58	-	-	0.13
Margin money Deposits	-	-	2.28	-	-	2.34
Interest receivable	-	-	0.48	-	-	0.36
Tooling advance	-	-	36.99	-	-	26.92
Insurance claims	-	-	9.01	-	-	11.36
Export entitlement	-	-	5.34	-	-	3.80
Fair value Derivative Hedging receivable	2.36	-	-	-	-	-
<b>Total Financial Assets</b>	<b>2.96</b>	<b>-</b>	<b>339.55</b>	<b>0.60</b>	<b>-</b>	<b>264.81</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	460.32	-	-	470.04
Trade Payables	-	-	293.95	-	-	189.45
Interest accrued but not due on borrowings	-	-	0.84	-	-	1.32
Unclaimed dividends	-	-	0.15	-	-	0.17
Lease Liability	-	-	9.44	-	-	4.80
Security Deposits - Others	-	-	0.42	-	-	0.43
Employee benefit payable	-	-	10.00	-	-	8.90
Derivative Liability	-	-	-	-	4.29	-
Commission payable to Chairman	-	-	0.39	-	-	0.30
Payables on purchase of fixed assets	-	-	0.97	-	-	0.37
Others	-	-	14.62	-	-	0.09
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>791.10</b>	<b>-</b>	<b>4.29</b>	<b>675.87</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, 2021	As at March 31, 2020	Fair Value Hierarchy (Level 1,2,3)*	Valuation Technique
<b>Derivative financial assets (a)</b>				
Derivative assets	2.36	-	2	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
<b>Total</b>	<b>2.36</b>	<b>-</b>		
<b>Derivative financial liabilities (b)</b>				
Derivative liabilities	-	4.29	2	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
<b>Total</b>	<b>-</b>	<b>4.29</b>		
<b>Net derivate financial assets / (liabilities) (a - b)</b>	<b>2.36</b>	<b>(4.29)</b>		

**Note:** Fair value information relating to investment in equity securities are not presented as these are not material to the financial statements.

\* Fair Value Hierarchy (Level 1,2,3)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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.

### 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 it's 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.

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## (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 contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

## 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 foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	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	63.67	0.87	41.22	0.55
Advances	5.69	0.08	3.86	0.05
Bank balances	1.98	0.03	-	-
<b>EUR</b>				
Trade Receivable	10.51	0.12	10.31	0.12
Advances	0.28	0.00	0.75	0.01
Bank balances	0.01	0.00	-	-
<b>GBP</b>				
Advances	0.06	0.00	0.06	0.00
<b>Sub Total</b>	<b>82.20</b>		<b>56.20</b>	
<b>Financial Liabilities</b>				
<b>USD</b>				
Loans	-	-	(3.10)	(0.04)
Trade Payable	(1.38)	(0.02)	(2.38)	(0.03)
<b>EUR</b>				
Trade Payable	(0.69)	(0.01)	(2.81)	(0.03)
<b>JPY</b>				
Trade Payable	-	-	(0.02)	(0.02)
<b>Sub Total</b>	<b>(2.07)</b>		<b>(8.31)</b>	
<b>Net Balance</b>	<b>80.13</b>		<b>47.89</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 opposite impact on the profit or equity.

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

Particulars	Currency USD impact		Currency EUR impact		Currency GBP impact	
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Impact on profit or loss for the year</b>						
- Increase by 5%	(3.54)	(1.98)	(0.51)	(0.41)	(0.00)	(0.00)
- Decrease by 5%	3.54	1.98	0.51	0.41	0.00	0.00
<b>Impact on other components of equity as at the end of the reporting period</b>						
- Increase by 5%	-	-	-	-	-	-
- Decrease by 5%	-	-	-	-	-	-

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 holds derivative financial instruments such as foreign currency forward 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 contracts to cover specific foreign currency payments and receipts. 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) outstanding at the end of the reporting period:

Particulars	As at March 31, 2021		As at March 31, 2020	
	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	1.09	82.25	1.16	85.77
In Euro	0.14	13.02	0.31	26.19
<b>Total</b>		<b>95.27</b>		<b>111.96</b>

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, 2021	As at March 31, 2020
Not later than 1 month	-	8.65
Later than 1 month but not later than 3 months	17.85	20.46
Later than 3 month up to 6 months	19.16	22.39
Later than 6 months but not later than 1 year	58.26	60.46
<b>Total</b>	<b>95.27</b>	<b>111.96</b>

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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.

As at March 31, 2021, the Company did not have any foreign currency forward contracts which are designated as hedge instruments and hence all gains and losses in respect of such contracts have been recorded in the statement of profit and loss.

The reconciliation of cash flow hedge reserve for the year ended March 31, 2021 is as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	(2.79)	-
Gain/loss recognised in other comprehensive income during the period	6.22	(4.29)
Tax impact on above	(1.50)	1.50
<b>Balance at the end of the year</b>	<b>1.93</b>	<b>(2.79)</b>

### Interest rate risk

The Group adopts appropriate policies to ensure that the interest rate risk exposure is minimised. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate.

### (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, 2020: 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 over a rolling period of past 24 months and b) actual amount of outstanding receivables as on the reporting date.

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### (c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 risk

The following information provides details of the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The below information has 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 and includes 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 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, 2021:

Particulars	Less than 1 year	1-5 year	More than 5 years	Total contractual cash flows	Carrying amount
Borrowings	282.09	197.15	-	479.24	460.32
Trade Payables	293.95	-	-	293.95	293.95
Interest accrued but not due on borrowings	0.84	-	-	0.84	0.84
Unclaimed dividends	0.15	-	-	0.15	0.15
Lease liability	2.10	4.75	11.83	18.68	9.44
Security Deposits - Others	0.42	-	-	0.42	0.42
Employee Benefit payable	10.00	-	-	10.00	10.00
Commission payable to Chairman	0.39	-	-	0.39	0.39
Payables on purchase of fixed assets	0.97	-	-	0.97	0.97
Others	14.62	-	-	14.62	14.62
<b>Total</b>	<b>605.53</b>	<b>201.90</b>	<b>11.83</b>	<b>819.26</b>	<b>791.10</b>

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	189.45	-	-	189.45	189.45
Interest accrued but not due on borrowings	1.32	-	-	1.32	1.32
Unclaimed dividends	0.17	-	-	0.17	0.17
Lease liability	1.27	2.19	5.49	8.95	4.80
Security Deposits - Others	0.43	-	-	0.43	0.43
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	0.09	-	-	0.09	0.09
<b>Total</b>	<b>476.72</b>	<b>202.10</b>	<b>5.49</b>	<b>684.31</b>	<b>680.16</b>

The Group has secured bank loans that contain loan covenants. A future breach of covenants may require the Group to repay the loans earlier than indicated in the above table.

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### 33 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) review the operating results of the Group 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 segment, namely components for transportation industry. All the manufacturing facilities are located in India and United States of America. 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 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, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
India	873.54	865.22	354.70	351.57
USA	221.60	245.77	120.95	113.17
Rest of the world	172.25	166.09	-	-
<b>Total</b>	<b>1,267.39</b>	<b>1,277.08</b>	<b>475.65</b>	<b>464.74</b>

The geographical information 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. Non-current assets exclude financial instruments, income tax assets and deferred tax assets.

#### 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 ₹357.04 crores (March 31, 2020 - ₹410.31 crores).

### 34 Related Party Disclosures

(a)	List of related parties where control exists	
	Holding Company	Rane Holdings Limited (RHL)
(b)	Other related parties where transaction has taken place	
	Key Management Personnel	L Ganesh, Chairman Harish Lakshman, Vice Chairman S Parthasarathy - CEO under the Companies Act, 2013 (Upto 31 <sup>st</sup> December 2019) Gowri Kailasam - Manager & President ( W.e.f 21 <sup>st</sup> January 2020)
(c)	Relative of KMP	L Lakshman Aditya Ganesh
	Enterprises over which KMP or relatives of KMP can exercise significant influence	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
(f)	Joint ventures of the Holding company	Rane TRW Steering Systems Private Limited(RTSS)
		Rane NSK Steering Systems Private Limited(RNSS)

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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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Transaction during the year														
Sales														
Sales-RTSS	-	-	-	-	-	-	-	-	-	-	7.67	15.73	7.67	15.73
Purchases														
Purchases RBL	-	-	-	-	-	-	-	-	1.82	1.95	-	-	1.82	1.95
Purchases REVL	-	-	-	-	-	-	-	-	1.49	4.58	-	-	1.49	4.58
Purchases-RTSS	-	-	-	-	-	-	-	-	-	-	1.92	0.80	1.92	0.80
Purchases-RNSS	-	-	-	-	-	-	-	-	-	-	17.69	14.80	17.69	14.80
Purchase of Machinery-RTSS	-	-	-	-	-	-	-	-	-	-	0.97	-	0.97	-
Purchase of PPE kits, masks-RTSS	-	-	-	-	-	-	-	-	-	-	0.05	-	0.05	-
Transfer of Machinery - Rane Foundation	-	-	-	-	-	-	0.04	-	-	-	-	-	-	0.04
Expenses														
Professional Charges	3.63	3.40	-	-	-	-	-	-	-	-	-	-	3.63	3.40
Software Expenses	3.49	4.12	-	-	-	-	-	-	-	-	-	-	3.49	4.12
Training Expenses	0.37	0.72	-	-	-	-	-	-	-	-	-	-	0.37	0.72
Trademark Fee	5.41	5.08	-	-	-	-	-	-	-	-	-	-	5.41	5.08
Sales Promotion Expenses - RHAI	-	-	-	-	-	-	-	-	1.80	2.53	-	-	1.80	2.53
Sales Promotion Expenses - RHEG	-	-	-	-	-	-	-	-	0.44	0.71	-	-	0.44	0.71
Donation-Rane Foundation	-	-	-	-	-	-	0.58	0.87	-	-	-	-	0.58	0.87
Miscellaneous Expenses	0.41	0.45	-	-	-	-	-	-	-	-	-	-	0.41	0.45
Reimbursement of Expenses to RHAI	-	-	-	-	-	-	-	-	0.12	-	-	-	0.12	-
Reimbursement of expenses to RHL	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01	-
Reimbursement of expenses from RHL	0.07	-	-	-	-	-	-	-	-	-	-	-	0.07	-
Reimbursement of Expenses from REVL, RBL	-	-	-	-	-	-	-	-	0.06	0.17	-	-	0.06	0.17
Reimbursement of Expenses to RBL	-	-	-	-	-	-	-	-	0.07	-	-	-	0.07	-
Reimbursement of Expenses from RTSS	-	-	-	-	-	-	-	-	-	-	0.11	-	0.11	-

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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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Loans, investments and guarantees</b>														
Preferential Issue of Equity shares	53.32	16.67	-	-	-	-	-	-	-	-	-	-	53.32	16.67
Subscription of Convertible warrants	1.67	8.33	-	-	-	-	-	-	-	-	-	-	1.67	8.33
<b>Remuneration to KMP</b>														
Commission to Chairman	-	-	0.39	0.30	-	-	-	-	-	-	-	-	0.39	0.30
Salaries - Mr. S Parthasarathy	-	-	-	1.59	-	-	-	-	-	-	-	-	-	1.59
Salaries - Ms. Gowri Kailasam	-	-	1.19	0.26	-	-	-	-	-	-	-	-	1.19	0.26
Salaries - Mr. Aditya Ganesh	-	-	-	-	0.57	0.65	-	-	-	-	-	-	0.57	0.65
Sitting Fees	-	-	0.01	0.05	-	0.04	-	-	-	-	-	-	0.01	0.09

**Details of Related Party 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Balance as at year end 31, March</b>														
<b>Payables</b>														
RHL	1.80	1.76	-	-	-	-	-	-	-	-	-	-	1.80	1.76
Mr. L Ganesh	-	-	0.39	0.30	-	-	-	-	-	-	-	-	0.39	0.30
REVL	-	-	-	-	-	-	-	-	0.08	0.07	-	-	0.08	0.07
RBL	-	-	-	-	-	-	-	-	0.39	0.35	-	-	0.39	0.35
RHAI	-	-	-	-	-	-	-	-	0.49	0.49	-	-	0.49	0.49
RTSS	-	-	-	-	-	-	-	-	-	-	0.71	0.16	0.71	0.16
RNSS	-	-	-	-	-	-	-	-	-	-	3.22	2.16	3.22	2.16
<b>Receivables</b>														
RHAI	-	-	-	-	-	-	-	-	0.01	-	-	-	0.01	-
RHEG	-	-	-	-	-	-	-	-	0.01	0.03	-	-	0.01	0.03
RTSS	-	-	-	-	-	-	-	-	-	-	2.46	2.53	2.46	2.53
<b>Equity</b>														
Money received against share warrants - RHL	10.00	8.33	-	-	-	-	-	-	-	-	-	-	10.00	8.33

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### Remuneration to Key Management personnel

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Short term benefits paid	1.50	1.88
Other Long term benefits paid	0.08	0.10
Termination Benefits	-	0.17
<b>Total</b>	<b>1.58</b>	<b>2.15</b>

Post employment benefit comprising gratuity and compensated absences are not disclosed as these are determined for the Company as a whole.

## 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 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 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 ₹6.08 Crores (for the year ended March 31, 2020: ₹6.58 Crores) represents contributions payable to these plans by the company at rates specified in the rules of the plans. As at March 31, 2021, contributions of ₹0.91 Crores (as at March 31, 2020: ₹1.19 Crores) due in respect to 2020-21 (2019-20) 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 plan comprises of the Company's gratuity plan. 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.
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) 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, 2021	Year ended March 31, 2020
Opening defined benefit obligation	21.68	18.72
Current Service Cost	1.75	1.49
Interest cost	1.37	1.36
Remeasurement (gains) / losses :		
Actuarial gains and losses arising from changes in demographic assumptions	(0.63)	2.02
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	(1.76)	(1.91)
Closing defined benefit obligation	22.41	21.68

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening fair value of plan assets	11.47	11.39
Interest income	1.06	0.85
Remeasurement gain (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(0.30)	(0.47)
Contributions from the Employer	10.92	1.61
Benefits paid	(1.77)	(1.91)
Closing fair value of plan assets	21.38	11.47

## (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, 2021	Year ended March 31, 2020
Present value of funded defined benefit obligation	22.41	21.68
Fair value of plan assets	21.38	11.47
Funded status	1.03	10.21
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	1.03	10.21
Current	1.03	10.21
Non current	-	-

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Service Cost :		
Current Service cost	1.75	1.49
Net interest Expense	0.31	0.50
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>2.06</b>	<b>1.99</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	(0.63)	2.02
Actuarial (gains) / losses arising from changes in financial assumptions	0.31	0.47
Actuarial (gains) / losses arising from experience adjustments	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.32)</b>	<b>2.49</b>
<b>Total</b>	<b>1.74</b>	<b>4.48</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.

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

Particulars	Valuation as at	
	March 31, 2021	March 31, 2020
Discount Rate(s)	6.88%	6.60%
Expected Rate(s) of salary increase		
Executives and Staff	8.00%	7.60%
Operators	6.00%	5.75%
Attrition Rate		
Executives and Staff	6.00%	8.00%
Operators	3.00%	3.00%

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. Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and attrition rates. 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.

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### Sensitivity Analysis

Change in assumption	Valuation as at	
	March 31, 2021	March 31, 2020
A. Discount Rate + 50 BP	7.38%	7.10%
Defined Benefit Obligation	21.52	20.88
Current Service Cost	1.70	1.67
B. Discount Rate - 50 BP	6.4%	6.1%
Defined Benefit Obligation	23.34	22.51
Current Service Cost	1.89	1.84
C. Salary Escalation Rate +50 BP	8.5% & 6.5%	8.1% & 6.25%
Defined Benefit Obligation	23.36	22.54
Current Service Cost	1.89	1.84
D. Salary Escalation Rate -50 BP	7.5% & 5.5%	7.1% & 5.25%
Defined Benefit Obligation	21.50	20.85
Current Service Cost	1.70	1.67
E. Attrition Rate +50 BP	6.5% & 3.5%	8.5% & 3.5%
Defined Benefit Obligation	22.41	21.68
Current Service Cost	1.80	1.75
F. Attrition Rate -50 BP	5.5% & 2.5%	7.5% & 2.5%
Defined Benefit Obligation	22.39	21.66
Current Service Cost	1.79	1.75

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 8.8 years (2020-8.2 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2021	March 31, 2020
Year 1	1.55	2.79
Year 2	2.77	1.71
Year 3	1.84	2.12
Year 4	1.55	1.86
Year 5	2.96	1.61
Next 5 Years	10.48	11.04

### 35A In respect of subsidiary (Rane Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.))

#### A. Defined contribution plans

Rane Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.) has a 401k plan set up for its employees. The contributions payable to these plans by Rane Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.) are at rates specified in the rules of the schemes.

The total expense recognised in profit or loss of ₹1.14 Crores (for the year ended March 31,2020: ₹0.73 Crores) represents contributions payable to these plans by LMCA at rates specified in the rules of the plans.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

### 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 Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.) 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, USA.

Rane Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.) is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest Rate risk :** The plan exposes Rane Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.) 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 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 Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.) has used certain mortality and attrition assumptions in valuation of the liability. LMCA is exposed to the risk of actual experience turning out to be worse compared to the assumption.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

Particulars	Pension (Funded)	
	2020-21	2019-20
Present Value of obligations at the beginning of the year	50.14	41.26
Current service cost	0.60	0.69
Interest Cost	1.51	1.59
Re-measurement (gains)/losses:	-	-
- Actuarial gains and losses arising from experience adjustment	(0.47)	(0.54)
- Actuarial gains and losses arising from financial assumptions	(0.24)	4.34
Benefits paid	(1.37)	(1.22)
Foreign currency translation adjustment	(1.25)	4.02
Present Value of obligations at the end of the year	48.92	50.14
Changes in the fair value of planned assets		
Fair value of plan assets at beginning of year	28.92	25.86
Interest Income	0.87	0.99
Contributions from the employer	3.06	2.78
Benefits Paid	(1.38)	(1.22)
Return on Plan Assets, Excluding Interest Income	4.55	(1.87)
Actuarial gain/ (loss) on plan assets	-	-
Foreign currency translation adjustment	(0.79)	2.38
Fair Value of plan assets at the end of the year	35.23	28.92
Amounts recognized in the Balance Sheet	(13.69)	(21.22)
Projected benefit obligation at the end of the year	(48.92)	(50.14)
Fair value of plan assets at end of the year	35.23	28.92
Funded status of the plans - Liability recognised in the balance sheet	(13.69)	(21.22)
Current	-	-
Non Current	(13.69)	(21.22)
Components of defined benefit cost recognised in profit or loss		
Current service cost	0.60	0.69
Net Interest Expense	0.64	0.60
Past service cost	-	-
Net Cost in Profit or Loss	1.23	1.29
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	(0.70)	3.81
Return on plan assets	(4.55)	1.87
Net Income / (Cost) in Other Comprehensive Income	(5.25)	5.68
Assumptions	As at March 31, 2021	As at March 31, 2020
Discount rate	3.08%	3.05%
Expected rate of salary increases		
Executives Managers & Below / Senior Manager & Above	0.00%	0.00%
Operators	0.00%	0.00%
Rate of Employee Turnover	90% of 2003 SoA SPAT Table	90% of 2003 SoA SPAT Table

Rane Light Metal Castings Inc. ( Formerly known as Rane Precision Die Casting Inc.) 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

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

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, 2021	As at March 31, 2020
Projected Benefit Obligation on Current Assumptions	48.92	50.14
Delta Effect of +0.5% Change in Rate of Discounting	(3.66)	(3.84)
Delta Effect of -0.5% Change in Rate of Discounting	4.12	3.87

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.

### Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 10 years. The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31, 2021
Year 1	1.67
Year 2	1.77
Year 3	1.85
Year 4	1.97
Year 5	2.04
Next 5 Years	11.48

### 36 Earnings per Share:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Basic Earnings per share	(47.66)	(37.96)
Diluted Earnings per share	(47.66)	(37.96)

#### 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, 2021	Year ended March 31, 2020
Profit/(Loss) for the year	(61.14)	(45.52)
Earnings used in the calculation of basic earnings per share	(61.14)	(45.52)

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

In Nos.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Number of equity Shares of ₹10 each outstanding at the end of the year	1,45,65,309	1,25,53,891
(b) Weighted Average number of Equity Shares for the purpose of basic earnings per share	1,28,28,167	1,19,92,211

**Diluted Earnings per share**

The earnings used in the calculation of diluted earnings per share is as follows.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Earnings used in the calculation of basic earnings per share	(61.14)	(45.52)
Earnings used in the calculation of diluted earnings per share	(61.14)	(45.52)

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:

In Nos.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares used in the calculation of basic earnings per share	1,28,28,167	1,19,92,211
Convertible warrants	-	-
Weighted average number of equity shares used in the calculation of diluted earnings per share	1,28,28,167	1,19,92,211

Share warrants that are outstanding as at March 31, 2021 and March 31, 2020 were not considered in the calculation of diluted earnings per share, as their effect was anti-dilutive.

**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:

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	1.46	1.19
Non-current lease liabilities	7.98	3.61
<b>Total</b>	<b>9.44</b>	<b>4.80</b>

**B. Movement in Lease liabilities:**

The following is the movement in lease liabilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as on 1 <sup>st</sup> April 2020/2019	4.80	1.36
Additions	5.99	5.89
Reclassified on account of adoption of IND AS 116	-	-
Finance costs accrued during the period	0.81	0.46
Deletions	(0.19)	-
Payment of Lease liabilities	(1.89)	(3.02)
Effects of Foreign exchange	(0.08)	0.11
<b>Balance as on 31<sup>st</sup> March 2021/2020</b>	<b>9.44</b>	<b>4.80</b>

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

- C. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	2.10	1.27
One to five years	4.75	2.19
More than five years	11.83	5.49
<b>Total</b>	<b>18.68</b>	<b>8.95</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	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, 2021	Year ended March 31, 2020
Interest on lease liabilities	0.81	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	1.04	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, 2021	Year ended March 31, 2020
Total cash outflows for leases	1.89	3.02

### 38 Contingent Liabilities

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Contingent Liabilities</b>		
Claims against the Group not acknowledged as debt		
- Income Tax matters under appeal	16.05	16.05
- Central Excise, Service Tax and Sales tax matters under appeal	8.43	10.46
- Labour related matters under appeal	3.69	3.47
- Others- Customer claim disputed by the Group	-	120.66
<b>Total</b>	<b>28.17</b>	<b>150.64</b>

In respect of certain customer and other claims, based on the comprehensive technical assessment, evaluation of the current environment, based on legal advice and in the absence of any valid basis for reliably determining the extent of the Company's liability in the matter, the Company strongly believes that possibility of a material outflow of economic resources resulting from the claims as remote.

## Notes forming part of the Consolidated financial statements

as at and for the year ended March 31, 2021

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

## 38A Guarantees and Commitment

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Guarantees and Letter of credit</b>		
-Outstanding bank guarantees	5.38	4.40
-Letter of credit	4.75	0.46
<b>Commitments</b>		
-Estimated amount of contracts remaining to be executed on capital account and not provided for	33.20	26.26

## 39 Events after the reporting date

The Group has evaluated subsequent events from the balance sheet date through May 21, 2021, the date on which the consolidated financial statements were authorised for issue, and determined that there are no items to disclose.

## 40 Interest in other entities

## Subsidiaries

The Group's subsidiaries at March 31, 2021 and 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.

Name of Entity	Place of Business/ Country of Incorporation	Ownership Interest held by the group		Ownership interest held by non-controlling interests		Principal Activities
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	
Rane (Madras) International Holdings B.V (RMIH)	Netherlands	100%	100%	0%	0%	Strategic overseas investment
Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.)	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, 2021

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

### 41 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 (OCI)		Share in Total comprehensive income (TCI)	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
<b>Parent</b>								
Rane (Madras) Limited								
March 31, 2021	169%	308.27	83%	(50.69)	73%	3.03	-1143%	(47.66)
March 31, 2020	164%	300.93	54%	(24.43)	23%	(4.41)	149%	(28.84)
<b>Subsidiaries</b>								
Rane (Madras) International Holdings B.V (RMIH)								
March 31, 2021	-56%	(101.75)	53%	(32.22)	-140%	(5.84)	-913%	(38.06)
March 31, 2020	-35%	(63.68)	106%	(48.11)	51%	(9.91)	300%	(58.02)
Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.)								
March 31, 2021	-4%	(7.86)	123%	(75.43)	-169%	(7.04)	-1978%	(82.47)
March 31, 2020	11%	20.95	111%	(50.32)	26%	(4.99)	286%	(55.31)
<b>Consolidation adjustments</b>								
March 31, 2021	-9%	(16.77)	-159%	97.20	336%	14.00	2667%	111.20
March 31, 2020	-40%	(74.33)	-170%	77.34	0%	-	-400%	77.34
<b>Total</b>								
March 31, 2021	100%	181.89	100%	(61.14)	100%	4.17	-1367%	(56.97)
March 31, 2020	100%	183.86	100%	(45.52)	100%	(19.32)	336%	(64.84)

### 42 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on May 21, 2021.

In terms of our report attached  
For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration no. 101248W/W-100022

**S Sethuraman**  
Partner  
Membership no: 203491

Chennai  
May 21, 2021

**Ganesh Lakshminarayan**  
Chairman  
DIN:00012583

**B Gnanasambandam**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Harish Lakshman**  
Vice Chairman  
DIN:00012602

**Gowri Kailasam**  
Manager

**S Subha Shree**  
Company Secretary

Chennai  
May 21, 2021

# 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		Rane Light Metal Castings Inc. (Formerly known as Rane Precision Die Casting Inc.)	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable		Not Applicable	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	EUR		USD	
		1EUR= ₹86.07		1USD= ₹73.53	
		EUR	INR	USD	INR
4	Share capital	0.20	0.15	0.00	0.00
5	Reserves & surplus	(118.38)	(101.89)	(10.69)	(7.86)
6	Total assets	133.59	114.98	262.31	192.88
7	Total Liabilities	251.80	216.72	273.00	200.74
8	Investments	133.46	114.87	-	-
9	Turnover (including other Income)	-	-	162.55	120.61
10	Profit before taxation	(37.18)	(32.22)	(101.63)	(75.41)
11	Provision for taxation	-	-	-	-
12	Profit after taxation	(37.18)	(32.22)	(101.64)	(75.42)
13	Proposed Dividend	-	-	-	-
14	% of shareholding	100%	100%	100%	100%

For and on behalf of the Board of Directors

Ganesh Lakshminarayan  
Chairman  
DIN:00012583

Harish Lakshman  
Vice Chairman  
DIN:00012602

Gowri Kailasam  
Manager

Chennai  
May 21, 2021

B Gnanasambandam  
Chief Financial Officer

S Subha Shree  
Company Secretary



**Rane (Madras) Limited**

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