



Customer at the core

Rane Brake Lining Limited

13th Annual Report 2017-18

Vision



To establish global presence and enhance domestic leadership by providing eco-friendly friction solutions.

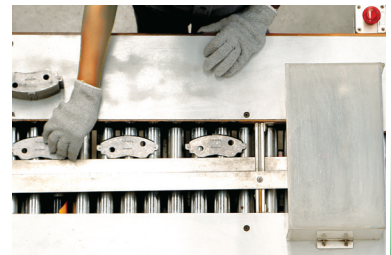


Our Product Portfolio



- Brake Linings
- Disc Pads
- Clutch Facings
- Clutch Buttons
- Brake Shoes
- Brake Blocks

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Caution regarding forward-looking statements

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



Customer at the core

The global automobile landscape continues to evolve at a very rapid pace. Some of the key propellants fuelling the shift are rapid technological advancement, frequent regulatory changes, evolving consumer preferences and multiplicity of urban transportation choices as well as several challenges on the way. Given the situation, there is an immense emphasis on technology and the advancements in manufacturing technology are geared towards emission reduction, light weighting, passenger and pedestrian safety, electrification and competitive pricing.

In addition, information technology, much like it steered mobile phone industry to smartphones, is geared up to steer automobile industry towards smart vehicles, thus, steadily leveraging and strengthening its prominence in vehicles. Going in sync with the present automobile landscape, even the regulators are striving to lessen traffic congestion, reduce vehicular emission and enhance road safety. To top it all, today's savvy consumers are demanding more from their vehicles across aesthetics, manoeuvrability, performance, upkeep, entertainment, convenience and connectivity.

The changing customer's preference has completely altered the paradigm and the players need to reinvent themselves time and again. Therefore, in order to protect their share and keep margins healthy, while making the most of the opportunity landscape, OEMs across the globe are required to be on their toes all the time. As a preferred supplier to most of these global OEMs, in India and elsewhere in the world, we, at Rane Group, keep our customers at the core of everything that we do everyday, at every single plant across every single function. Thanks to our steadily maturing Business Excellence program, we are beginning to transcend the essential QCD (Quality, Cost, Delivery) assurance. Our R&D teams are diligently developing next-generation variants of our existing products with a view to make our customers succeed.

In addition, we are aggressively advancing the cause of light weighting, emission reduction and passenger safety for our customers with an aim to improve vehicular performance while addressing cost-effectiveness.

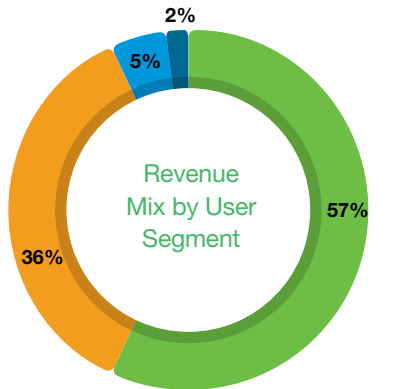
Experimenting and succeeding with an alternate material, going closer to the customer, staying lean and nimble in order to address varying batch sizes and speeds are some of the areas where Rane Group is lending a helping hand to its customers in scripting their success stories, thus, helping them in offering superior products to the end customer.

Furthermore, our customers' trust and confidence in brand 'Rane' continue to fortify and the same gets reflected in our consistent ahead-of-the-industry performance, multiple customer awards and recognitions year after year. At Rane Group, our goal to sustainable growth and profitability remains our priority and we always keep our '**Customer at the core**'.

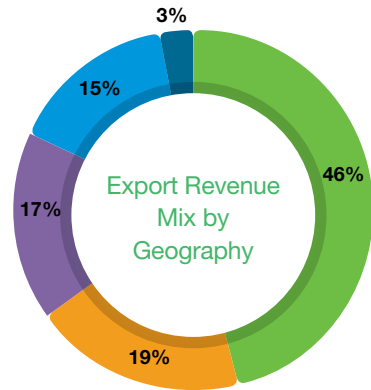


The World of Rane Brake Lining

Rane Brake Lining Limited was founded in 1964. Rane Brake Lining manufactures safety critical friction material products such as brake linings, disc pads, clutch facings, clutch buttons, brake shoes and brake blocks for passenger cars, utility vehicles, commercial vehicles, two wheelers and railways. The company is a market leader in India and global player in friction material. It has application in every segment of automobile industry such as PV, CV and 2W/3W. With a technical collaboration with Nisshinbo Brake Inc., Japan for know-how in brake linings, disc pads and clutch facings.



● 57% OEM ● 36% AM ● 5% Export ● 2% Rail



● 46% SAARC ● 19% Middle east ● 15% Brazil ● 17% Europe/UK ● 3% Far East

Key Customers

OEM					
2-Wheeler					
Tier 1					
Railways					
Others					

Manufacturing Plants

Locations	Products
Chennai	Brake linings, Disc pads, Clutch facings and Composite brake blocks
Hyderabad	Brake linings, Sintered clutch buttons, Composite brake blocks
Puducherry	Disc pads and Composite brake blocks
Trichy	Disc pads and Brake linings

Quality Accreditation

IATF16949:2016	Quality Management
ISO 9001:2015	Quality Management
ISO 14001:2015	Environmental Management
OHSAS 18001:2007	Occupational Health and Safety Management
Deming Prize	Total Quality Management (TQM)
Deming Grand Prize	Excellence in TQM

Financial Highlights

KEY PERFORMANCE HIGHLIGHTS

₹ in Crores

Particulars	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11	FY 10	FY 09
Total Income (*)	487.21	470.58	451.64	418.49	386.51	379.68	363.52	308.32	237.68	193.15
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	78.97	62.98	57.65	47.56	42.61	36.08	43.76	36.49	30.20	21.25
Profit Before Tax (PBT)	54.89	42.70	35.48	20.60	16.73	10.92	21.90	19.67	14.93	4.32
Profit After Tax (PAT)	35.75	34.93	25.76	16.11	17.21	9.10	16.19	15.29	10.09	2.89
Return on Capital Employed (RoCE) %	30.41	25.11	21.90	13.82	12.10	9.31	16.41	16.72	14.49	7.81
Return on Net Worth (RoNW) %	20.14	22.94	19.84	13.77	16.07	9.16	17.65	18.76	14.12	4.43
Earnings Per Share (₹)	45.17	44.13	32.54	20.36	21.76	11.50	20.45	19.31	12.78	4.01
Dividend (%) (®)	155	150	100	70	75	40	70	50	45	20
Dividend Payout ratio (®) %	41	41	37	41	40	40	40	30	41	64
Book Value Per Share (₹)	237.80	210.72	174.27	153.77	141.84	128.88	122.03	109.72	96.50	92.49

BALANCE SHEET HIGHLIGHTS**

₹ in Crores

Particulars	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11
Equity Share Capital	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91
Shareholders' Funds	188.22	166.78	137.93	121.71	112.27	102.01	96.59	86.84
Non-Current Liabilities	3.07	6.09	14.34	23.83	39.16	56.63	59.55	46.79
Current Liabilities	119.60	104.87	103.61	109.55	116.51	102.87	95.60	73.22
Non-Current Assets	131.42	136.30	118.36	129.50	143.14	148.44	132.28	115.14
Current Assets	179.47	141.44	137.52	125.60	124.81	113.07	119.46	91.71

* Total Income are net of excise duty

® Includes final dividend, if any, recommended by the Board for the respective financial years

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

Note : 1. Figures for FY 18 and FY 17 are as per Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013. Hence these figures are not comparable with the corresponding figures reported for the previous years.

2. EBITDA, PBT and PAT are inclusive of exceptional items, if any, for the respective financial years.

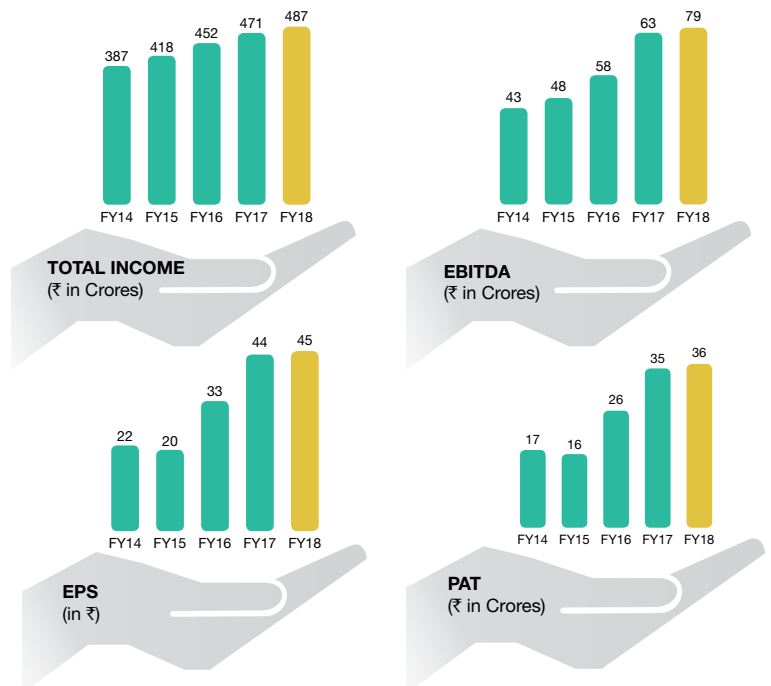
Business Highlights

- New businesses and started supply of new products for key customers.
- Focus on energy saving initiatives
- Focus on green initiatives which paid rich dividends such as the solar power project
- Two Long Term Settlements (LTS) completed at Hyderabad and Trichy Plants and also completed key customer audits

Awards & Accolades

- Business Excellence Award from FBMPL, Pune
- 'Gold' award for Quality – Zero PPM in the calendar year 2017 from Endurance, Aurangabad
- Gold award in International Quality Circle Convention held at Philippines
- Various Platinum, Gold and Outstanding awards for Plants for participation in specific events conducted by CII, QCFI etc

Key Performance Indicators



Chairman's Letter



Your Company generated net sales of ₹482 crores, which is a 4% y-o-y growth.

Dear Shareholders,

The World economy grew by 3.8% in 2017, fastest since 2011. At domestic front, the rollout of uniform Goods and Services Tax (GST) created some disruption and India's growth moderated to 6.6% in FY18. However, the automotive Industry witnessed strong growth across all vehicle segments.

Your Company generated net sales of ₹482 crores, which is a 4% y-o-y growth. The new products accounted for 19% of total revenues. Our Profit before tax grew 29% over last year, jumping to over ₹55 crores. Our domestic business grew by 4%, whereas exports declined by 9%. Product-wise, our domestic disc pads were the best performing, growing 12% y-o-y to ₹244 crores. RBL remains focused on energy saving and green initiatives, which have started showing traction, as our solar power project yielded positive benefits in line with our expectations, resulting in a significant contraction in power costs. Pursuing excellence has been built into our foundation and continues to guide us in our Total Quality Management (TQM) practices. With customer at the core, RBL was able to win numerous accolades during the year.

IMF estimates suggest, the Indian GDP growth would rebound to 7.4% in FY19. Also, with strong demand drivers like elevated income levels, benign demographics, easy finance availability; along with government initiatives like 'Make in India', NATRiP (National Automotive Testing and R&D Infrastructure Project), AMP 2026 (Automotive Mission Plan 2016-26), we have great growth opportunity awaiting us and we are positive that RBL would be capitalizing these opportunities.

On behalf of the entire Board of Rane Brake Lining Limited, I would like to thank all our stakeholders – Customers, Employees, Partners, Vendors, Investors, Bankers, Government, Communities and most importantly you – our shareholders, who have conferred immense confidence in us, throughout this remarkable journey.

Yours Sincerely,
L Ganesh
Chairman

Corporate Information

Board of Directors

Mr. L Ganesh, *Chairman*
 Mr. Vinay Lakshman, *Managing Director*
 Mr. Anil Kumar V Epur
 Mr. Harish Lakshman
 Mr. L Lakshman
 Mr. P S Kumar
 Ms. Ranjana Kumar
 Mr. S Sandilya
 Mr. Suresh Chandra Gupta
 Mr. Yasuji Ishii
 (Nominee of Nisshinbo Holdings Inc., Japan)

Audit Committee

Mr. S Sandilya, *Chairman*
 Mr. L Ganesh
 Mr. P S Kumar
 Mr. Suresh Chandra Gupta

Stakeholders' Relationship Committee

Mr. Harish Lakshman, *Chairman*
 Mr. Anil Kumar V Epur
 Mr. L Ganesh

Nomination and Remuneration Committee

Mr. S Sandilya, *Chairman*
 Mr. L Ganesh
 Mr. P S Kumar
 Mr. Suresh Chandra Gupta

Corporate Social Responsibility Committee

Mr. L Lakshman, *Chairman*
 Mr. L Ganesh
 Mr. Suresh Chandra Gupta

Vice President - Finance / Chief Financial Officer

Mr. M A P Sridhar Kumar

Secretary

Mr. Venkatraman

Listing of Shares on

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

Statutory Auditors

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

Secretarial Auditors

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

Bankers

HDFC Bank Limited
 IDBI Bank Limited
 Standard Chartered Bank
 State Bank of India
 YES Bank Limited

Registered Office

Rane Brake Lining Limited
 CIN: L63011TN2004PLC054948
 "Maithri", 132, Cathedral Road,
 Chennai - 600 086.
 Phone : +91 44 28112472
 Fax : +91 44 28112449
 Email : investorservices@ranegroup.com
 Website : www.ranegroup.com

Plants

1. Plot No. 30, Industrial Estate
 Ambattur, Chennai - 600 058,
 Tamil Nadu.
2. Pregnapur Village, Gajwel Mandal,
 Rajiv Gandhi Highway,
 Siddipet District - 502 311, Telangana.
3. RS No. 48, 49 & 50, Sanyasikuppam Village,
 Mannadipet Commune,
 Thirubhuvanai Post, Puducherry - 605 107.
4. Sethurapatti Village, Fathima Nagar Post,
 Srirangam Taluk,
 Trichy - 620 012, Tamil Nadu.

Solar Plant

1. Muthuramalingapuram Village, Aruppukottai Taluk,
 Virudhunagar District, Tamil Nadu.

Registrar and Transfer Agent

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

REPORT OF THE BOARD OF DIRECTORS

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the accounts for the year ended 31 March, 2018 and other prescribed particulars:

1. State of Company's affairs

1.1. Financial Performance

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

Particulars	2017-18	2016-17
Sales and Operating Revenues *	482.46	466.11
Other Income	4.74	4.47
Profit Before Tax (PBT)	54.89	42.70
Provision for tax	19.14	7.77
Profit After Tax (PAT)	35.75	34.93
Total Comprehensive Income	36.21	34.75
Surplus brought forward	38.37	9.34
Amount available for appropriation	74.58	44.09

*Net of Excise Duty

**Figures for FY 2016-17 have been restated as per applicable Indian Accounting Standards

Key performance indicators, operational performance and balance sheet summary are furnished in page no 3 of this annual report.

In the preparation of the financial statements for the financial year 2017-18, the Company has adopted Ind AS and the transition date is 01 April, 2016.

The Sales and Other Operating Revenue grew by 3.51%. The Profit before tax improved by 28.52% over the previous year. Earnings per share for the year 2017-18 was ₹ 45.17 as against ₹ 44.13 in the previous year.

There was no material changes and commitments, affecting the financial position of the Company between the end of the financial year of the Company and the date of the report other than those disclosed in the financial statements.

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

1.2. Appropriation

During the year 2017-18, the board of directors declared an interim dividend of 65% (i.e., ₹ 6.50 per share of ₹ 10/- each, fully paid-up) and the same was paid on 19 February, 2018

to all the eligible shareholders whose name appeared in the register of members of the Company as on 08 February, 2018, being the Record Date fixed for this purpose.

The board of directors have considered and recommended a final dividend of 90% (i.e ₹ 9/- per share of ₹ 10/- each, fully paid-up) for approval of shareholders at the ensuing thirteenth Annual General Meeting to be held on 24 July, 2018. The total final dividend amount inclusive of distribution tax and surcharge thereon would be ₹ 8.59 crores. The final dividend, if declared by the shareholders, will be paid on 01 August, 2018 to all the eligible shareholders whose name appears in the register of members of the Company as on 17 July, 2018, being the Record Date fixed for this purpose.

₹ 23.37 crores has been retained as surplus in the Profit and loss account after transferring ₹ 20.31 crores to the general reserves.

1.3. Management Discussion & Analysis

Your Company is engaged in the manufacturing and marketing of auto components for transportation industry viz., friction material (Disc Pads, Brake Shoes, Clutch Facings, Clutch Buttons, Brake Linings and Brake Blocks). A detailed analysis on the performance of the industry, the Company, internal control systems, risk management are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as 'Annexure A'.

2. Board of Directors

2.1. Composition

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

During the year, at the twelfth (12th) Annual General Meeting the shareholders approved the appointment of Mr. P S Kumar (DIN: 00267280) as Independent Director in the first term, effective from 20 January, 2017 till the conclusion of 14th AGM. Further, during the year, Mr. Srinivasan Sandilya (DIN: 00037542), Mr. Suresh Chandra Gupta (DIN: 02085068), Mr. Anil Kumar Venkat Epur (DIN: 00202454), were re-appointed for a second consecutive term as Independent Directors by the shareholders at the 12th AGM held on August 23, 2017.

Mr. Vinay Lakshman (DIN: 07295820), holds the office of Managing Director till 30 September, 2018, pursuant to approval accorded by shareholders at the 11th AGM held on 21 July, 2016. The board of directors at its meeting held on 13 April, 2018, based on the recommendations of

Nomination and Remuneration Committee, has re-appointed him as Managing Director for a period of five years viz., from 01 April, 2018 to 31 March, 2023 subject to approval of the shareholders at the ensuing 13th AGM of the Company.

Ms Ranjana Kumar (DIN: 02930881) was appointed as Independent Directors for a first term, by the shareholders at the 10th AGM held on 20 July, 2015, to hold office upto the conclusion of the ensuing 13th AGM. Based on performance evaluation, the Nomination and Remuneration Committee at its meeting held on 13 April, 2018, has recommended re-appointment for a second consecutive term as an Independent Director for a period of three years.

M/s. Nisshinbo Holdings Inc., our foreign collaborator, has nominated Mr. Yasuji Ishii (DIN: 08078748) as a director in the place of Mr. Kazuhiro Iwata (DIN: 06875329), effective from 13 April, 2018. The Board of Directors has co-opted Mr. Yasuji Ishii to the Board as a nominee director with effective from 13 April, 2018, based on the recommendations of the Nomination and Remuneration Committee. Mr. Yasuji Ishii would be a non-executive, non-independent director, being a nominee of the foreign collaborator (promoters) of the Company.

The Board places on record its appreciation for the services rendered by Mr. Kazuhiro Iwata during his association with the Company as a nominee director of the foreign collaborator.

The notice convening the 13th AGM contains necessary resolution(s) for appointment / re-appointment of Directors at the ensuing AGM.

The Corporate Governance report annexed to this report contains necessary disclosures regarding the above directors proposed for appointment / re-appointment at the ensuing 13th AGM of the Company.

The terms and conditions of appointment of independent directors have been disclosed on the website of the Company and available at <http://ranegroup.com/pdf/investors/rbl/rbltermsid.pdf>

All 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

2.2. Retirement by rotation

At the ensuing Annual General Meeting (AGM), Mr. L Lakshman (DIN: 00012554), retires by rotation and being eligible, offers himself for re-appointment. The

notice convening the AGM includes the proposal for his re-appointment as director.

2.3. Board Meetings

A calendar of meetings is prepared and circulated in advance to the directors. During the year, five (5) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening period between two consecutive meetings was less than 120 days.

2.4. Meeting of Independent Directors

During the year, a separate meeting of Independent Directors was held. In the said meeting, the independent directors assessed the quality, quantity and timeliness of flow of information between the management and the Board at the meeting and expressed that the current flow of information and contents were adequate for the Board to effectively perform its duties. They also reviewed the performance of the non-independent directors and the board as a whole and the performance of the chairperson of the Company taking into account the views of executive directors and non-executive directors.

3. Board and Management

3.1. Board evaluation

During the year, a formal process for annual evaluation of performance of Board, its committees and directors individually was carried out as per the criteria laid down by the Nomination and Remuneration Committee, pursuant to the provisions of the Companies Act, 2013 (CA 2013) and SEBI LODR.

The criteria for evaluation of board and its committees were founded on the structure, composition, board-management relationship, effectiveness in terms of roles and responsibilities and processes encompassing the information flow and functioning. The guiding standards for the assessment of performance of directors (including the independent directors) were founded on aspects relating to their group dynamics, competency and commitment to the success of the Company.

For evaluation of performance of the Chairman additional aspects like institutional image building, providing guidance on strategy and performance, maintaining an effective and healthy relationship between the board and the management were taken into consideration.

The evaluation was carried out through a structured methodology approved by the Nomination and Remuneration Committee after ensuring that the aspects

laid down under each of the criteria are comprehensive and commensurate with the size of the board and the Company. The Nomination and Remuneration Committee, reviews and makes recommendation to the board, from time to time, for ensuring an optimum composition of the Board and its Committees, induction of directors into the Board, participation on the Board effectiveness and evaluation process. The outcome of the evaluation also forms the basis for the Nomination and Remuneration Committee while considering re-appointments of Directors and appointment in various Committee of the Board.

3.2. Familiarisation program for independent directors

The familiarisation program for independent directors and details of familiarisation program for independent directors has been put up on the website and available at - http://ranegroup.com/rbl_investors/familiarisation-programme-for-independent-directors/

3.3. Key Managerial Personnel

Mr. Vinay Lakshman, Managing Director (MD), Mr. M A P Sridhar Kumar, Vice President – Finance & Chief Financial Officer (CFO) and Mr. Venkatraman, Secretary (CS) hold the office of Key Managerial Personnel within the meaning of Section 2(51) of the Companies Act, 2013.

During the year there was no change in the Key Managerial Personnel (KMP).

3.4. Remuneration policy

The Nomination and Remuneration Committee has laid down a policy on appointment and remuneration of directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP). The same is annexed herewith as 'Annexure B'.

Pursuant to approval accorded by the shareholders at the 10th AGM held on 20 July, 2015, Mr. L Ganesh has been receiving commission upto 2% of the net profits of the Company for a period commencing from 01 April, 2015. The Nomination and Remuneration Committee at its meeting held on 13 April, 2018 has recommended payment of ₹ 1,10,23,640/- as commission for the financial year 2017-18 to Mr. L Ganesh, Chairman. Based on the recommendations of the NRC, the Board of Directors propose payment of commission of upto 2% of net profits for a further period of three years commencing from 01 April, 2018, subject to the approval of the shareholders at the ensuing 13th AGM 2018 under Section 197, 198 and other applicable provisions of the Companies Act 2013.

The details of remuneration paid / payable to the directors during the financial year 2017-18, is furnished in the Corporate Governance report annexed to this report of the board of directors.

4. Audit

4.1. Audit Committee

In terms of the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR, the Audit Committee of the Board acts in accordance with terms of reference prescribed therein. Detailed disclosure on compositions, terms of reference and meetings of the Audit Committee are furnished in the Corporate Governance Report.

4.2. Statutory Auditors

M/s. Varma & Varma, Chartered Accountants were re-appointed by the shareholders at the 12th AGM held on August 23, 2017 for a second term of five consecutive years commencing from the conclusion of 12th AGM (2017) till 17th AGM (2022), as per the provisions of the Companies Act, 2013. Subject to notification of the relevant provisions of the Companies (Amendment) Act, 2017, their appointment may have to be ratified by members at every AGM in accordance with Section 139 of the Companies Act, 2013 read with applicable rules made thereunder. In the event of notification of the aforesaid amendment, the requirement for ratification would be infructuous and shall be dispensed with.

The Company has received letter from M/s Varma & Varma consenting for continuation as statutory auditors and confirmation to the effect that their appointment for 2018-19, if ratified, would be within the limits and that they are free from disqualification specified under Section 141 of the Companies Act, 2013 and rules made thereunder. M/s. Varma & Varma have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India (ICAI). The statutory auditors report to the members for the year ended 31 March, 2018 does not contain any qualification, reservation, adverse remark or disclaimer.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act and therefore no detail is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

4.3. Cost Audit

Cost audit is not applicable to the Company as per the threshold limits prescribed under Companies (Cost Records and Audit) Rules, 2014.

4.4. Secretarial Auditors

The Board of Directors have appointed M/s. S Krishnamurthy & Co., Company Secretaries in practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2017-18 is annexed herewith as 'Annexure C'. The secretarial audit report does not contain any qualification, reservation, adverse remark or disclaimer.

4.5. Internal Auditors

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

5. Directors' Responsibility Statement

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

- i. in the preparation of the financial statements for the financial year 2017-18, the applicable accounting standards had been followed and there were no material departures;
- ii. they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. 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;
- iv. they had prepared the financial statements for the financial year on a 'going concern' basis;
- v. 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

- vi. they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

6. Related Party Transactions

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

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are reviewed by the Audit Committee on a quarterly basis.

The Company has put in place proper system for identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website (http://ranegroup.com/rbl_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, where they have personal interest, which may have potential conflict with interest of the Company at large.

7. Corporate Social Responsibility (CSR)

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

The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee comprising of Mr. L Lakshman, Committee Chairman, Mr. L Ganesh, Director and Mr. Suresh Chandra Gupta, Independent Director, as members. The Annual Report on CSR activities carried out during the year 2017-18 is annexed as 'Annexure D'. The CSR policy of the Company is available in the Company's website viz., http://ranegroup.com/rbl_investors/corporate-social-responsibility-policy/

8. Energy conservation, technology absorption and foreign exchange earnings and outgo

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

9. Particulars of Directors, Key Managerial Personnel and Employees

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

10. Corporate Governance Report

Your Company has complied with the corporate governance requirements pursuant to Regulation 34 and schedule V of SEBI LODR. Detailed report on the compliance and a certificate by the Statutory Auditors forms part of this report as 'Annexure G'.

11. Other disclosures

- a) Details of loan, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013, if any, are given in the notes to the Financial Statements.
- b) The Internal control systems and adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Directors Report.

- c) There was no significant material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.
- d) The details forming part of the extract of the Annual Return under Section 92(3) of the Companies Act, 2013 in form MGT-9 is annexed herewith as 'Annexure F'.
- e) The Company has complied with the applicable secretarial standards viz., SS-1 on meetings of board of directors and SS-2 on general meetings issued by Institute of Company Secretaries of India as per section 118(10) of the Companies Act, 2013.
- f) The Company does not accept any deposit falling under the provisions of section 73 of the Companies Act, 2013 and the rules framed thereunder.
- g) 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.
- h) 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. There was no case reported during the year under review through this mechanism.

For and on behalf of the board

L GANESH
Chairman
DIN : 00012583

VINAY LAKSHMAN
Managing Director
DIN : 07295820

Chennai
13 April, 2018

ANNEXURE A TO REPORT OF THE BOARD OF DIRECTORS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company manufactures and markets auto components viz., safety critical friction material products such as brake linings, disc pads, clutch facings, clutch buttons, brake shoes and railway brake blocks for passenger cars, utility vehicles, commercial vehicles, two wheelers and railways. The Company operates predominantly in a single reportable segment viz., components for the transportation industry.

Industry Structure, Developments and Performance

During the fiscal year 2017-18, the domestic industry witnessed growth across all the vehicle segments. From a segment perspective, the Passenger Vehicle (PV) segment registered 5% growth owing to new launches and strong preference for Compact Utility Vehicles segment. The volumes of Passenger Cars and Utility Vehicles grew by 1% and 20% respectively on a year on year basis.

Domestic Commercial Vehicle (CV) segment volumes contracted during the first quarter of financial year led by sharp decline in sales of Medium & Heavy Commercial Vehicles (M&HCV). This was due to pre-buying in Q4 2017 ahead of the BS-IV rollout and deferment of purchases by fleet operators before roll-out of GST. However, due to demand from the construction, mining and FMCG sectors in the subsequent quarters resulted in growth of 10% in the CV segment.

In the M&HCV segment there was a major shift towards production of higher tonnage multi axle vehicles. Overall the M&HCV market had muted growth over the previous year. The Light Commercial Vehicles (LCV) segment reported strong volume growth of 14% driven by rising demand from e-commerce and logistics sectors and increasing rural disposable income. The Small Commercial Vehicles segment reported volume growth of 27%.

The two-wheeler segments also reported robust volume growth of 16% on the back of new launches, improving consumer sentiment and better rural income driven by good monsoon.

Industry Growth

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

Industry Segment (Production figures)	Growth in % (YoY change)	
	2017-18	2016-17
Vehicles		
Passenger Cars (PC)	1.0	5.4
Utility Vehicles (MUV)	19.9	26.3
Vans (MPV)	(0.3)	(0.6)

Industry Segment (Production figures)	Growth in % (YoY change)	
	2017-18	2016-17
Passenger Vehicles	5.5	9.4
Small Commercial Vehicles (SCV)	27.0	2.7
Light Commercial Vehicles (LCV)	14.0	6.0
Medium & Heavy Commercial Vehicles (M&HCV)	0.3	0.4
Commercial Vehicles	10.4	3.0
3 – Wheelers	30.4	(16.2)
2 – Wheelers	16.1	5.8
Farm Tractors (FT)	14.4	21.1

Source: Society of Indian Automobile Manufacturers

Domestic Market

The Company reported 4% increase in the domestic market. The overall market remained positive for the Company.

The Company reported over 12% increase in the sales of disc pads and maintained the total revenues broadly in line with last year and 19% drop in other automotive parts.

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

Products	Growth in % (₹ in crores)		
	2017-18	2016-17	Growth in %
Brake Linings	186.74	188.04	(0.7)
Disc Pads	243.53	216.59	12.4
Other Automotive Parts	30.03	37.03	(18.9)
Total	460.29	441.66	4.2

The OE business for the Company reported 6% growth. The Company also reported 1% growth in the aftermarket business. GST implementation and related stabilization of process in the markets negatively impacted the aftermarket business.

Market	Growth in % (₹ in crores)		
	2017-18	2016-17	Growth in %
OEM *	284.82	268.16	6.2
Aftermarket	175.47	173.50	1.1
Total	460.29	441.66	4.2

* OEM includes sales to Railways

Exports

The exports for the year ended at ₹ 22.18 crores, a decline of 9% compared to the previous year. The Company's efforts to build

an export business portfolio through our technical collaborator is yet to give results. Other strategies are also now being pursued to enhance exports.

Operational and Financial Performance

Financial Review

The Company registered a turnover (net sales) of ₹ 482.46 crores which was 4% higher than the sales reported for fiscal 2017 with new products generating 19% of the revenues. The profit before tax was ₹ 54.89 crores registering an increase of 29% over the previous year. The profitability growth was supported through productivity improvement measures and favourable commodity prices and forex movement.

Operations and Manufacturing Review

Strong demand from the Indian OEMs predominantly in Two-Wheeler led to significant improvement in the overall business for the Company. The Company won new businesses and started supply of new products for key customers.

The Company, being an energy intensive unit, continues to focus on energy saving initiatives. Our focus on green initiatives paid rich dividends as the solar power project yielded positive benefits in line with our expectations resulting in the reduction in power costs compared to earlier years.

We have completed two Long Term Settlements (LTS) at Hyderabad and Trichy Plants well within time lines and also completed key customer audits successfully.

In line with our focus to achieve high levels of customer satisfaction, we undertook proactive initiative and conducted 'Customer satisfaction study' with a reputed consultancy firm. We continue to track the progress and are committed to take necessary corrective actions to ensure overall improvements.

Some of the other key operations and manufacturing highlights include:

- i 'Dual Core' Registration certificate for CVBL products from Trademark Registry, Chennai
- ii. Enhanced formulation library with Low Steel formulations
- iii. Road show with our technical collaborators - TMD (NISHTMD) - met Indian OEMs - CV OE business
- iv. Enhanced Aftermarket dealer network
- v. Appointed direct Wholesalers / Dealers for 2W Disc Pads & 3W Brake shoes
- vi. Certified for International Automotive Task Force (IATF) 16949 revised standards
- vii. Became Great Place To Work (GPTW) certified organisation

- viii. Product Development Agreement with internationally reputed customer

Pursuit of business excellence

The Company continues to focus on the 'Business Excellence Model' which was built on the strong foundation of existing TQM practices.

Product innovation, Customer satisfaction, Employees and other stakeholders' interest continue to remain the focus areas for the year. These helped the Company to win the following awards during the year:

- i. Business Excellence Award from Foundation Brake Manufacturing Pvt. Ltd. (FBMPL), Pune
- ii. 'Gold' award for Quality – Zero PPM in the calendar year 2017 from Endurance Technologies Pvt. Ltd., Aurangabad
- iii. Gold award in International Quality Circle Convention held at Philippines
- iv. Various Platinum, Gold and Outstanding awards for Plants for participation in specific events conducted by CII, Quality Circle Forum of India (QCFI), etc.

Outlook

Driven by private consumption, investment and exports and riding on the back of policy reforms, Indian economy is expected to grow 7.4% as per IMF estimates. Growing economy, rising income coupled with favourable demography, availability of credit and financing options, low cost of production, low penetration of cars and a major thrust on infrastructure by the government bodes well for the industry and the Company.

Following the implementation of GST, manufacturing activity is expected to further accelerate. Given the positive environment for Indian automotive sector, the Company is set to capitalize on the upcoming opportunity. However, increasing commodity prices, volatile forex movements, liquidity issues in the increasing interest rate environment and looming trade war continues to be area of concerns in the future.

Opportunities & Threats

Industrial activity is expected to accelerate further with the implementation of GST and on the back of structural policy reforms resulting in huge opportunity for the automobile industry. Your Company is well prepared to capitalize on the upcoming opportunities and counter its threats. The Company's main areas of strength are:

- i. State of art R&D and Manufacturing facilities
- ii. Operational excellence
- iii. Technical collaboration with NISHTMD (World's largest friction material company)

- iv. Preferred supplier of OEMs
- vi. Strong distribution network

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

- i. Unceasing cost reduction demand from OEMs imposing pressure on operating margins.
- ii. Volatility of commodity prices affecting the input costs structure.
- iii. Dumping from neighboring countries.
- iv. Political uncertainty and looming trade war
- v. Increased volatility in forex markets and liquidity issues owing to disturbance in financial market

Internal Control Systems

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

The internal audit function is outsourced to a professional firm of independent assurance service providers. The Audit Committee and the Board in consultation with the internal auditor, statutory auditor and operating management approve annual internal audit plan. The scope also covers the internal financial controls and internal controls over financial reporting. The internal audit findings are placed before the Audit Committee at each of its quarterly meeting for review. The management's responses and counter measures are discussed in the Audit Committee meetings. This process ensures robustness of internal control system and compliance with laws and regulations including resource utilization and system efficacy.

Risk Management

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

Human Resource Development and Industrial Relations

In the year 2017-18, the company had extensively focused on leadership development and employee engagement initiatives.

Leadership Development

As part of technical competency development for the front line managers, Rane Manufacturing Systems Professional (RMSP) was launched in Q1 to build manufacturing capability, focusing on manufacturing processes and systems with gemba based learning and business oriented projects. To supplement the learning, as a pilot, online learning mode was introduced for five technical courses. 13 participants are undergoing this intervention facilitated predominantly by internal subject matter experts. Further, a refreshed twelve-day customized course on "Learning on Machines" was designed and delivered to 5 graduate engineers. To facilitate the further growth of graduate engineers in the system, Reconnect program was organized to provide insights on developing deeper relationships with other team members.

As part of strengthening the leadership pipeline, 3 employees went through the TOP GEAR (Transforming Organization & Profitability through Growth, Engagement, Actions and Results) program focused on High Potential Leadership Development. The participants pursued an action-learning project that focused on solving a significant challenge faced by the company. As part of Executive Leadership Development, Developing Executive Presence was rolled out. The Group Leadership Development Council periodically reviewed leadership development.

Employee Engagement

The company follows the GPTW framework and conducts the employee engagement survey every year to understand the opinions, attitudes and perceptions of employees, which forms the basis for refining policies and programs. To enhance the employee experience, select workflows were digitized and deployed. Employees were encouraged to participate marathons and other fitness related programs to promote individual wellness and achieve a sense of balance in life. Several other new initiatives were structured to engage with employees regularly.

Other Initiatives

The company in association with "Youth 4 Jobs" on boarded 5 differently abled people in Chennai plant operations to support and promote an inclusive workforce.

To create a better business understanding and to promote effective communication with Nisshinbo, the company organised 80 hours of Japanese Language Communication program, which was attended by 15 participants.

RBL's continuous involvement of workmen in TEI has helped in creating a conducive environment. Two long-term wage settlements were completed in the year 17-18 ahead of due date.

Corporate Social responsibility (CSR)

The Company is committed to make meaningful contribution to the society as part of our social initiative.

Special focus made to enhance waterbodies through restoration project that addresses hydrological, ecological and social dimensions necessary for reviving water bodies.

We provided necessary support related to infrastructure development at Government primary school, Nolambur to improve the overall facilities received by the students. The Company also

provided RO water facility for nearby Government school and helped in the installation and Annual Maintenance Contract (AMC) for RO Drinking water plant in Government school, PS Palayam. To boost digital infrastructure, we sponsored computer along with printer to Government middle school, Thiruvandarkoil. In addition, we made many other contributions to educational institutions and for other welfare causes.

To further our cause of women empowerment, we imparted self-employment skill development program for women from Sethurapatti Village.

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 REPORT OF THE BOARD OF DIRECTORS

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT PERSONNEL (SMP)

The policy on criteria for appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) areas follows:

Criteria for Appointment

The appointment, re-appointment, determining qualifications, positive attributes and independence of a director are based on the following criteria:

- Academic accomplishments
- Professional experience
- Experience in other boards
- Industry relevance and experience
- Technical / functional domain expertise
- Diversity
- Global exposure
- Governance experience
- Professional network
- Association with professional forums / academic institutions
- Independence
- Innovation
- Cultural fit

The appointment of KMPs and SMPs are based on the following criteria:

- Possession of relevant educational qualifications and certifications
- Possession of the functional / domain competencies at appropriate level as assessed by the selection panel
- Evidence of required leadership competencies as per the leadership competency model, as assessed by the selection panel
- Clear background verification report
- Reference check inputs

Criteria for Remuneration

The Company recognizes that compensation is a strategic lever in the achievement of vision and goals. The compensation

philosophy is designed to attract, motivate, and retain talented employees who drive the company's success and it aims at aligning compensation to goals of the company, performance of the individual, internal equity, market trends and industry practices, legal requirements and appropriate governance standards.

The Nomination and Remuneration Committee recommends policy on the remuneration of Directors, KMP and Senior Management. The approval of shareholders is obtained, wherever necessary.

Non- Executive Directors

The Non-Executive Directors are entitled to receive remuneration by way of fees for attending the meetings of the Board or Committee thereof, within the overall limits prescribed under the Companies Act, 2013 and rules thereunder.

A Non-Executive Chairman may receive commission within the overall limits prescribed under the Companies Act, 2013 and rules thereunder, if any, approved by the shareholders and the Board on such terms and conditions, taking into consideration the overall performance of the Company and the contributions of Chairman.

Executive Directors (Managing Director / Whole Time Directors), Chief Executive Officers (CEOs) and Manager under Companies Act, 2013, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)

The Executive Directors are entitled to receive remuneration as approved by the shareholders and the Board and subject to the overall limits prescribed under the Companies Act, 2013 or rules thereunder.

The remuneration structure of the executive directors, CEO or Manager, KMPs and SMPs are broadly divided into fixed and variable component, which ensures that relationship of remuneration and performance benchmarks is clear, there exists a balance between fixed and incentive pay and the same reflects short and long-term performance objectives appropriate to the working of the company and its goals.

The fixed compensation shall comprise of salary, allowances, perquisites, amenities and other components. The variable component of the remuneration is based on the performance of the individual in achieving superior operational results and to align employees with the organizational vision and growth strategies with a view to motivate them to achieve best results.

ANNEXURE C TO REPORT OF THE BOARD OF DIRECTORS

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2018

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 Brake Lining Limited

[CIN: L63011TN2004PLC054948]

"Maithri", No. 132, Cathedral Road, Chennai - 600086

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RANE BRAKE LINING LIMITED** (hereinafter called "the Company") during the financial year from 01 April, 2017 to 31 March, 2018 ("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/ returns filed and compliance related action taken by the Company during the year as well as after 31 March, 2018 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 taken on record by the Board of Directors;
- (iii) Certificates confirming compliance with certain factory related laws issued by the Internal Auditor and taken on record by the Audit Committee / Board of Directors; and
- (iv) Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the **financial year ended on 31 March, 2018**, the Company has complied with the statutory provisions listed hereunder and also has proper 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 report that:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.

- (ii) 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 Foreign Direct Investment (FEMA);
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client; and
 - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (vii) The listing agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.

1.2 During the period under review, and also considering the compliance related action taken by the Company after 31 March, 2018 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

- (i) **Complied with** the applicable provisions / clauses of the Acts, Rules, Regulations, and Agreements mentioned under paragraph 1.1 (i) to 1.1 (vii) above; and
- (ii) **Complied with** the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vii) above to the extent applicable to Board meetings and General meetings.

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

- (i) The Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms / returns under:
 - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings (FEMA);
 - (b) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (e) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (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 Board of Directors of the Company as on 31 March, 2018 comprises of:
 - (a) One Executive Director;
 - (b) Four Non-Executive Non-Independent Directors; and
 - (c) Five Independent Directors, including a woman Independent director.
- (ii) The following changes took place in the composition of the Board of Directors during the period under review:
 - (a) Re-appointment of three independent directors by passing special resolutions;
 - (b) Approval of appointment of an independent director by passing an ordinary resolution; and
 - (c) Re-appointment of the director retiring by rotation.

2.2 Board meetings:

- (i) Adequate notice was given to all directors to enable them to plan their schedule for the Board Meetings.
- (ii) Notice of Board meetings was sent to all the directors at least seven days in advance.
- (iii) Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board

meetings with the exception of the following items, which were either circulated separately or at the meetings and consent of the Board for circulating them separately or at the meeting was duly obtained 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 and supplementary notes.
- (iv) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- (v) We are informed that, at the Board meetings held during the year:
 - (a) Majority decisions were carried through; and
 - (b) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

We further report that:

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

4 Specific events / actions

We further report that:

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

For S KRISHNAMURTHY & CO.,
Company Secretaries

R SIVASUBRAMANIAN
Partner

Coimbatore
13 April, 2018

Membership No: A22289
Certificate of Practice No:12052

ANNEXURE – A TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members
Rane Brake Lining Limited
[CIN: L63011TN2004PLC054948]
"Maithri", No. 132, Cathedral Road, Chennai - 600086

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31 March, 2018 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31 March, 2018 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial statements 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 Act.
7. We have not considered any director as being disqualified under Section 164(2)(a) the Act, where either interim stay has been granted by a High Court or condonation of delay has been granted by the Ministry of Corporate Affairs.
8. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
9. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S KRISHNAMURTHY & CO.,
Company Secretaries

R SIVASUBRAMANIAN
Partner

Membership No: A22289
Certificate of Practice No:12052

Coimbatore
13 April, 2018

ANNEXURE D TO REPORT OF THE BOARD OF DIRECTORS

ANNUAL REPORT ON CSR ACTIVITIES

FOR FINANCIAL YEAR 2017-18

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

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

Overview of projects implemented during 2017-18:

RBL continued it's focus on

1. Education & Health care –

A. Institutional Development

Focus on promoting education including imparting knowledge to enhance vocational skills. Special focus made on children of Government Primary schools and specific institutions considering skill sets of students at different locations of Chennai, Hyderabad, Puducherry and Trichy.

B. Vocational Development

Women empowerment for underprivileged in the local villages with a focus to create a sustainable income and overall upkeep – special attention made by providing sewing machines and training at respective locations.

C. Awareness Programme

Promoting health and sanitation for the community. Awareness programmes on health and sanitation, housekeeping and first aid was carried out for the local primary government schools and other segments.

2. Community Development – Amenities and Sanitation

A. Focus on providing Safe Drinking Water facility in PHC centres and government primary schools.

B. Protection & restoration of Puducherry Keni (Thennam Poigai Kulam) at Sholinganallur, Chennai

3. Environment- Plantation Drives

A. Emphasis made on Greenery within the vicinity of our plants.

The policy on CSR recommended by the CSR Committee was approved and adopted

by the Board of Directors is available on the website of the Company (web link: http://ranegroup.com/rbl_investors/corporate-social-responsibility-policy/)

2. The Composition of the CSR Committee

RBL 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 RBL will be headed by the Board CSR Committee. The Board CSR Committee grants auxiliary power to the Management CSR Committee of the Company to act on their behalf. The members of the CSR committee are:

Board CSR committee	Management CSR committee
Mr. L Lakshman Committee Chairman, Non-Executive & Promoter Director	Mr. Vinay Lakshman Managing Director
Mr. L Ganesh Chairman, Non-Executive & Promoter Director	Mr. M A P Sridhar Kumar Vice President – Finance & CFO
Mr. Suresh Chandra Gupta Non-Executive & Independent Director	Mr. Govardhanan R General Manager – Human Resource

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

(₹ in crores)

Particulars	2014-15	2015-16	2016-17
Net profit for the year (PAT)	16.11	25.76	34.72
Adjusted Net profit (as per Section 198)	20.90	35.80	42.55
Average Net profit	33.09		

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 66.17 lakhs

5. Details of CSR spent during the financial year

- (a) Total amount to be spent for the financial year: ₹ 66.17 lakhs
- (b) Amount unspent, if any : Nil
- (c) Manner in which the amount spent during the financial year is detailed below:

(₹ in lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs - (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or program. (Sub-heads -1- Direct on projects or program 2-Overheads)	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
1	Education – Institutional Development	(i) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. (ii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	1) Trichy (Tamil Nadu)	102.94	102.94	102.94	Implementing Agency: Rane Foundation (Registered Trust) - 102.94
2	Education – Awareness Programs	(i) Improving school education, Enhancing infrastructure, promoting preventive health care and sanitation and making available safe drinking water.	Local Thiruvallur (Tamil Nadu), Pregnapur (Telangana); Trichy (Tamil Nadu), Thirubuvanai (Pondicherry), Trichy (Tamil Nadu)	7.75	7.75	110.69	Direct: 6.65 Implementing Agency: SOS Children's Village -1.10
3	Education – Vocational Training & skill development	(i) Promoting education, including special education and employment enhancing vocation skills especially among children, and the differently abled and livelihood enhancement projects. (ii) Skill development for women self-help groups (SHG)	Local Thiruvallur (Tamil Nadu), Pregnapur (Telangana); Trichy (Tamil Nadu), Thirubuvanai (Pondicherry), Trichy (Tamil Nadu)	1.40	1.40	112.09	Direct : 1.40
4	Community Development – Amenities and Sanitation	(i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.	Local Thiruvallur (Tamil Nadu), Pregnapur (Telangana); Trichy (Tamil Nadu), Thirubuvanai (Pondicherry), Trichy (Tamil Nadu) Protection and restoration of Puducherry Keni (Thennam Poigai Kulam)	16.66	16.66	128.75	Direct: 1.40 Implementing Agency: Rotary Club of Madras – through NGO - Care Earth Trust – 14.05

(₹ in lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs - (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or program. (Sub-heads -1- Direct on projects or program 2-Overheads)	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
5	Environment - Plantation Drives	(i) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining air and water.	Local Thiruvallur (Tamil Nadu), Pregnapur (Telangana); Trichy (Tamil Nadu), Thirubuvanai (Pondicherry), Trichy (Tamil Nadu)	0.40	0.42	129.17	Direct : 0.42
6	CSR capacity building	-	Local Thiruvallur (Tamil Nadu), Pregnapur (Telangana); Trichy (Tamil Nadu), Thirubuvanai (Pondicherry), Trichy (Tamil Nadu)	0.58	0.58	129.75	NextGen Consultants - 0.58
TOTAL				129.75	129.75	129.75	

Note: The excess contributions over and above minimum requirements of 2% of the average net profits of the Company includes ₹ 50 lakhs towards support to the start-up funding of Rane Vidyalaya, the school project at Manachanallur, Trichy district, Tamil Nadu and ₹ 14 lakhs towards protection and restoration of Puducherry Keni (Thennam Poigai Kulam).

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

Not Applicable

7. Responsibility statement of the CSR Committee

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

Chennai
13 April, 2018

VINAY LAKSHMAN
Managing Director
DIN : 07295820

L LAKSHMAN
Chairman of the Committee
DIN : 00012554

ANNEXURE E TO 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

- Implementation of Bag moulding process in place of conventional preform process
- Ceramic thermal insulation for Baking ovens and cure moulds
- Layout modification in finishing lines and optimised dust collector usage
- Cast iron platen for cure presses to reduce heat loss
- Power factor improvement initiatives
- LED lighting inside the shop floor and office areas

Steps taken for utilising alternate sources of energy

- 2 MW captive solar plant yielded positive output in line with estimate.
- Continuous to use alternate sources viz. Wind and Solar

B. Technology Absorption

Efforts made towards technology absorption

- Formulation library expanded with additional formulations with the help of our technical collaborators NISB – TMD to cater the needs of Bus, Truck and Tipper segment.
- Continuing focus on development of Green material
- Focus made on Two wheeler segment and suitably, additional grades developed to suit this segment
- A joint development agreement has been signed with a reputed MNC to develop high performance pad for two-wheeler.
- Major upgradation / renovation of Dynamometers in progress to cater dynamic changes in the market

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

These efforts have enabled the Company to enhance the competitiveness, continue its growth in the OEM business and offer localization solutions to major global customers for their new programs.

Details of Imported Technology (during the last 3 years reckoned from the beginning of the FY 2017-18)

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

Research and Development expenditure incurred

(₹ in crores)			
S.No	Particulars	2017-18	2016-17
A	Capital expenditure	0.30	11.91
B	Recurring expenditure	10.99	7.64
C	Total	11.29	19.55
D	Total R & D expenses as a percentage of total turnover	2.21%	4.01%

C. Foreign Exchange Earnings and Outgo

(₹ in crores)		
Foreign Exchange	2017-18	2016-17
Earnings	21.24	23.62
Outgo	85.67	90.32

For and on behalf of the board

L GANESH

Chairman

DIN : 00012583

VINAY LAKSHMAN

Managing Director

DIN : 07295820

Chennai
13 April, 2018

ANNEXURE F TO REPORT OF THE BOARD OF DIRECTORS

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED 31 MARCH, 2018

Form No. MGT - 9

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

I. Registration and Other Details:

(i)	CIN	:	L63011TN2004PLC054948
(ii)	Registration Date	:	17 December, 2004
(iii)	Name of the Company	:	Rane Brake Lining Limited
(iv)	Category / Sub-Category of the Company	:	Public Company - Limited by Shares / Indian / Non- Government Company
(v)	Address of the registered office and contact details	:	'Maithri' No.132, Cathedral Road, Chennai – 600 086 Phone: 044 – 2811 2472; Fax: 044 – 2811 2449 Website: www.ranegroup.com Email ID: investorservices@ranegroup.com
(vi)	Whether listed company	:	Yes
(vii)	Name, Address and Contact details Registrar and Transfer Agent, if any	:	Integrated Registry Management Services Private Limited II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017, E-mail: corpserv@integratedindia.in Phone: 044 2814 0801; Fax: 044 2814 2479 Contact person: Mr. K Suresh Babu , Director

II. Principal Business Activities of the Company:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1.	Friction materials- Brake Lining, Disc pad, Brake shoe, Clutch facing and Clutch button	C-29-301	98.03%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Rane Holdings Limited 'Maithri', No.132, Cathedral Road, Chennai – 600 086, Tamil Nadu, India	L35999TN1936PLC002202	Holding Company	46.09	2(46)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter(s)									
(1) Indian									
a) Individual / HUF	450	-	450	0.01	450	-	450	0.01	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	36,48,311	-	36,48,311	46.09	36,48,311	-	36,48,311	46.09	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	36,48,761	-	36,48,761	46.10	36,48,761	-	36,48,761	46.10	-
(2) Foreign									
a) NRIs – Individuals	19,400	-	19,400	0.25	19,400	-	19,400	0.25	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	15,95,249	-	15,95,249	20.15	15,95,249	-	15,95,249	20.15	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	16,14,649	-	16,14,649	20.40	16,14,649	-	16,14,649	20.40	-
Total Public Shareholding (A) = (A)(1)+(A)(2)	52,63,410	-	52,63,410	66.50	52,63,410	-	52,63,410	66.50	-
B. Public Shareholding									
(1) Institution(s)									
a) Mutual Funds	-	200	200	0.00	-	-	-	-	-
b) Banks / FI	6,055	645	6,700	0.08	2,096	645	2,741	0.03	(0.05)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	7,70,528	-	7,70,528	9.74	7,70,528	-	7,70,528	9.74	-
g) FIs	1,632	-	1,632	0.02	5,498	-	5,498	0.07	0.05
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	7,78,215	845	7,79,060	9.84	7,78,122	645	7,78,767	9.84	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institution(s)									
a) Bodies Corp.									
i) Indian	81,718	1625	83,343	1.05	1,67,551	1,625	1,69,176	2.14	1.09
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual(s)									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	11,00,270	1,17,934	12,18,204	15.39	10,74,710	1,02,696	11,77,406	14.88	(0.51)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3,81,453	38,668	4,20,121	5.31	3,74,934	38,668	4,13,602	5.23	(0.08)
c) Others (specify)									
Non Resident Indians	39,085	2,150	41,235	0.52	37,355	2,050	39,405	0.50	(0.02)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	94,357	-	94,357	1.19	53,505	-	53,505	0.68	(0.52)
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Rane Brake Lining Limited - Unclaimed Shares Suspense Account	15,250	-	15,250	0.19	3,372	-	3,372	0.04	(0.15)
Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	-	-	-	-	15,713	624	16,337	0.21	0.21
Sub-total (B)(2):-	17,12,133	1,60,377	18,72,510	23.65	17,27,140	1,45,663	18,72,803	23.70	0.05
Total Public Shareholding (B)=(B)(1)+ (B)(2)	24,90,348	1,61,222	26,51,570	33.50	25,05,262	1,46,308	26,51,570	33.50	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	77,53,758	1,61,222	79,14,980	100.00	77,68,672	1,46,308	79,14,980	100.00	-

ii) Shareholding of Promoters:

Sl. No	Shareholder's Name	At the beginning of the year			At the end of the year			% of change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rane Holdings Limited	36,48,311	46.09	-	36,48,311	46.09	-	-
2	Nisshinbo Holdings Inc.	15,95,249	20.15	-	15,95,249	20.15	-	-
3	Rekha Sundar	19,400	0.25	-	19,400	0.25	-	-
4	Pushpa Lakshman & L Lakshman	50	-	-	50	-	-	-
5	Vinay Lakshman	50	-	-	50	-	-	-
6	Harish Lakshman	50	-	-	50	-	-	-
7	Ganesh L & Meenakshi Ganesh	50	-	-	50	-	-	-
8	Meenakshi Ganesh & L Ganesh	50	-	-	50	-	-	-
9	Lakshman L & Pushpa Lakshman	50	-	-	50	-	-	-
10	Malavika Lakshman & Harish Lakshman	50	-	-	50	-	-	-
11	Aparna Ganesh	50	-	-	50	-	-	-
12	Aditya Ganesh	50	-	-	50	-	-	-
	TOTAL	52,63,410	66.49	-	52,63,410	66.49	-	-

(iii) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	52,63,410	66.50	52,63,410	66.50
Date wise Increase in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): No Change				
At the end of the year	52,63,410	66.50	52,63,410	66.50

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD-MM-YYYY)	Increase/ Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
1	United India Insurance Company Limited	4,79,030	6.05	-	-	-	-	4,79,030	6.05
2	General Insurance Corporation of India	2,91,498	3.68	-	-	-	-	2,91,498	3.68
3	Gautam Jain	51,014	0.65	-	-	-	-	51,014	0.65
4	M M Narayanamma	46,594	0.59	-	-	-	-	46,594	0.59
5	Ramani Narayan Swamy	35,180	0.44	-	-	-	-	35,180	0.44
6	S N Swamy	34,544	0.44	-	-	-	-	34,544	0.44
7	Bachaladharani	29,901	0.38	19-01-2018	(1,224)	(0.015)	Transfer	28,677	0.36
				26-01-2018	(870)	(0.011)	Transfer	27,807	0.35
8	Om Prakash Rawat	29,850	0.38	-	-	-	-	29,850	0.38
9	Shanmugasundaram K N	27,200	0.34	-	-	-	-	27,200	0.34
10	Buntwal Nagendra Baliga	27,116	0.34	29-09-2017	(26,452)	(0.334)	Transfer	664	0.01
				30-09-2017	26,452	0.334	Purchase	27,116	0.34
11	Saraswathi S	26,126	0.33	-	-	-	-	26,126	0.33
12	V Subha	20,358	0.26	02-06-2017	(50)	(0.001)	Transfer	20,308	0.26
				16-06-2017	(50)	(0.001)	Transfer	20,258	0.26
				23-06-2017	(50)	(0.001)	Transfer	20,208	0.26
				16-08-2017	50	0.001	Purchase	20,258	0.26
				13-10-2017	(100)	(0.001)	Transfer	20,158	0.26
				26-01-2018	50	0.001	Purchase	20,208	0.26
				23-02-2018	75	0.001	Purchase	20,283	0.26
				30-03-2018	100	0.001	Purchase	20,383	0.26
13	Srinivasan T M	20,300	0.26	-	-	-	-	20,300	0.26
14	Angel Broking Private Limited	15,759	0.20	07-04-2017	(3,882)	(0.049)	Transfer	11,877	0.15
				14-04-2017	(564)	(0.007)	Transfer	11,313	0.14
				21-04-2017	(2,627)	(0.033)	Transfer	8,686	0.11
				28-04-2017	126	0.002	Purchase	8,812	0.11
				05-05-2017	841	0.011	Purchase	9,653	0.12
				12-05-2017	236	0.003	Purchase	9,889	0.13
				19-05-2017	(4,256)	(0.054)	Transfer	5,633	0.07
				26-05-2017	(2,224)	(0.028)	Transfer	3,409	0.04
				02-06-2017	3,133	0.040	Purchase	6,542	0.08
				09-06-2017	(1,697)	(0.021)	Transfer	4,845	0.06
				16-06-2017	(751)	(0.009)	Transfer	4,094	0.05
				23-06-2017	651	0.008	Purchase	4,745	0.06
				30-06-2017	112	0.001	Purchase	4,857	0.06
				07-07-2017	47	0.001	Purchase	4,904	0.06
14-07-2017	(406)	(0.005)	Transfer	4,498	0.06				
21-07-2017	(1,762)	(0.022)	Transfer	2,736	0.04				
				28-07-2017	16	0.000	Purchase	2,752	0.04

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD-MM-YYYY)	Increase/ Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
				04-08-2017	190	0.002	Purchase	2,942	0.04
				11-08-2017	400	0.005	Purchase	3,342	0.04
				16-08-2017	(115)	(0.001)	Transfer	3,227	0.04
				18-08-2017	(254)	(0.003)	Transfer	2,973	0.04
				25-08-2017	(365)	(0.005)	Transfer	2,608	0.03
				01-09-2017	298	0.004	Purchase	2,906	0.04
				08-09-2017	(497)	(0.006)	Transfer	2,409	0.03
				15-09-2017	2,365	0.030	Purchase	4,774	0.06
				22-09-2017	(959)	(0.012)	Transfer	3,815	0.05
				29-09-2017	(487)	(0.006)	Transfer	3,328	0.04
				30-09-2017	281	0.004	Purchase	3,609	0.05
				06-10-2017	407	0.005	Purchase	4,016	0.05
				13-10-2017	17	0.000	Purchase	4,033	0.05
				20-10-2017	2,340	0.030	Purchase	6,373	0.08
				27-10-2017	188	0.002	Purchase	6,561	0.08
				31-10-2017	235	0.003	Purchase	6,796	0.09
				03-11-2017	(2,376)	(0.030)	Transfer	4,420	0.06
				10-11-2017	(1,839)	(0.023)	Transfer	2,581	0.03
				17-11-2017	677	0.009	Purchase	3,258	0.04
				24-11-2017	180	0.002	Purchase	3,438	0.04
				01-12-2017	(300)	(0.004)	Transfer	3,138	0.04
				08-12-2017	631	0.008	Purchase	3,769	0.05
				15-12-2017	696	0.009	Purchase	4,465	0.06
				22-12-2017	(405)	(0.005)	Transfer	4,060	0.05
				29-12-2017	600	0.008	Purchase	4,660	0.06
				30-12-2017	25	0.000	Purchase	4,685	0.06
				05-01-2018	(597)	(0.008)	Transfer	4,088	0.05
				12-01-2018	866	0.011	Purchase	4,954	0.06
				19-01-2018	(65)	(0.001)	Transfer	4,889	0.06
				26-01-2018	(510)	(0.006)	Transfer	4,379	0.06
				02-02-2018	(111)	(0.001)	Transfer	4,268	0.05
				08-02-2018	(115)	(0.001)	Transfer	4,153	0.05
				09-02-2018	(48)	(0.001)	Transfer	4,105	0.05
				16-02-2018	(243)	(0.003)	Transfer	3,862	0.05
				23-02-2018	480	0.006	Purchase	4,342	0.06
				02-03-2018	(894)	(0.011)	Transfer	3,448	0.04
				09-03-2018	(212)	(0.003)	Transfer	3,236	0.04
				16-03-2018	39	0.000	Purchase	3,275	0.04
				23-03-2018	(196)	(0.002)	Transfer	3,079	0.04
				30-03-2018	30	0.000	Purchase	3,109	0.04

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD-MM-YYYY)	Increase/ Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
15	Rane Brake Lining Limited - Unclaimed Shares Suspense Account	15,250	0.19	01-12-2017	(11,730)	(0.148)	Transfer to IEPF	3,520	0.04
				08-02-2018	(148)	(0.002)	Claimed by shareholder	3,372	0.04
16	Polo Setco Tieup Private Limited	-	-	22-12-2017	10,600	0.134	Purchase	10,600	0.13
				30-03-2018	46,800	0.591	Purchase	57,400	0.73
17	BMA Wealth Creators Limited	6,723	0.09	07-04-2017	3,523	0.045	Purchase	10,246	0.13
				14-04-2017	(24)	(0.000)	Transfer	10,222	0.13
				21-04-2017	2,996	0.038	Purchase	13,218	0.17
				28-04-2017	(1619)	(0.020)	Transfer	11,599	0.15
				19-05-2017	2,110	0.027	Purchase	13,709	0.17
				26-05-2017	43,677	0.552	Purchase	57,386	0.73
				02-06-2017	6,920	0.087	Purchase	64,306	0.81
				09-06-2017	(61,678)	(0.779)	Transfer	2,628	0.03
				16-06-2017	1,252	0.016	Purchase	3,880	0.05
				23-06-2017	(2,347)	(0.030)	Transfer	1,533	0.02
				30-06-2017	2,758	0.035	Purchase	4,291	0.05
				07-07-2017	(12)	0.000	Transfer	4,279	0.05
				14-07-2017	(1,000)	(0.013)	Transfer	3,279	0.04
				21-07-2017	1,500	0.019	Purchase	4,779	0.06
				28-07-2017	2,996	0.038	Purchase	7,775	0.10
				04-08-2017	79,996	1.011	Purchase	87,771	1.11
				11-08-2017	1,756	0.022	Purchase	89,527	1.13
				16-08-2017	229	0.003	Purchase	89,756	1.13
				18-08-2017	(108)	(0.001)	Transfer	89,648	1.13
				25-08-2017	(39)	0.000	Transfer	89,609	1.13
01-09-2017	2,055	0.026	Purchase	91,664	1.16				
08-09-2017	174	0.002	Purchase	91,838	1.16				
15-09-2017	(9,290)	(0.117)	Transfer	82,548	1.04				
22-09-2017	206	0.003	Purchase	82,574	1.05				
29-09-2017	(8,953)	(0.113)	Transfer	73,801	0.93				
30-09-2017	9,000	0.114	Purchase	82,801	1.05				
06-10-2017	8	0.000	Purchase	82,809	1.05				
13-10-2017	(42)	(0.001)	Transfer	82,767	1.05				
20-10-2017	(1,967)	(0.025)	Transfer	80,800	1.02				
27-10-2017	72	0.001	Purchase	80,872	1.02				
03-11-2017	(62)	(0.001)	Transfer	80,810	1.02				
10-11-2017	21,187	0.268	Purchase	1,01,197	1.29				
17-11-2017	516	0.007	Purchase	1,02,513	1.30				
24-11-2017	1,721	0.022	Purchase	1,04,234	1.32				
01-12-2017	(328)	(0.004)	Transfer	1,03,906	1.31				
08-12-2017	(12,918)	(0.163)	Transfer	90,988	1.15				

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD-MM-YYYY)	Increase/ Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
				15-12-2017	(12,747)	(0.161)	Transfer	78,241	0.99
				22-12-2017	(20,244)	(0.256)	Transfer	57,997	0.73
				29-12-2017	4,346	0.055	Purchase	62,343	0.79
				05-01-2018	(3,979)	(0.050)	Transfer	58,364	0.74
				12-01-2018	(6,822)	(0.086)	Transfer	51,542	0.65
				19-01-2018	(103)	(0.001)	Transfer	51,439	0.65
				26-01-2018	(1,705)	(0.022)	Transfer	49,734	0.63
				02-02-2018	(3,200)	(0.040)	Transfer	46,534	0.59
				08-02-2018	(951)	(0.012)	Transfer	45,583	0.58
				09-02-2018	(22)	(0.000)	Transfer	45,561	0.58
				16-02-2018	(594)	(0.008)	Transfer	44,967	0.57
				23-02-2018	(1,718)	(0.022)	Transfer	43,249	0.55
				02-03-2018	(3,079)	(0.039)	Transfer	40,170	0.51
				09-03-2018	(133)	(0.002)	Transfer	40,037	0.51
				16-03-2018	(19,652)	(0.248)	Transfer	20,385	0.26
				30-03-2018	(428)	(0.005)	Transfer	19,957	0.25

(v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	350	0.00	350	0.00
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Vinay Lakshman	50	0.00	50	0.00
Ganesh L & Meenakshi Ganesh	50	0.00	50	0.00
Meenakshi Ganesh & L Ganesh	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00
Harish Lakshman	50	0.00	50	0.00
Date wise Increase / decrease in shareholding during the year specifying the reasons for increase / decrease : No Change (e.g. allotment /transfer / bonus / sweat equity etc.)				
At the end of the year	350	0.00	350	0.00
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Vinay Lakshman	50	0.00	50	0.00
Ganesh L & Meenakshi Ganesh	50	0.00	50	0.00
Meenakshi Ganesh & L Ganesh	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00
Harish Lakshman	50	0.00	50	0.00

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

V. Indebtedness:

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

(Amount in ₹)

	Secured Loans Excluding Deposits - Long term Loan	Secured Loans Excluding Deposits - Working Capital	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i) Principal Amount	-	5,98,78,168	-	-	5,98,78,168
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	19,115	-	-	19,115
Total (i+ii+iii)	-	5,98,97,283	-	-	5,98,97,283
Change in Indebtedness during the financial year					
Addition	-	-	-	-	-
Reduction	-	5,98,97,283	-	-	5,98,97,283
Net Change	-	(5,98,97,283)	-	-	(5,98,97,283)
Indebtedness at the end of the financial year					
i) Principal Amount	-	-	-	-	-
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)	-	-	-	-	-

VI. Remuneration of Directors and Key Managerial Personnel:

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Managing Director Vinay Lakshman
1	Gross salary	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,92,30,150
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	7,95,305
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit	-
5	Others, please specify	-
Total (A)		2,00,25,455
Ceiling as per the Act		2,85,60,373
(being 5% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

B. Remuneration to other Directors:

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of Directors									Total Amount
		L Ganesh	L Lakshman	Harish Lakshman	PS Kumar	S Sandilya	Suresh Chandra Gupta	Ranjana Kumar	Kazuhiro Iwata [^]	Anil Kumar V Epur	
1	Independent Directors										
a	Fee for attending board / committee meetings	-	-	-	3,70,000	3,70,000	2,90,000	1,60,000	40,000	2,25,000	14,55,000
b	Commission	-	-	-	-	-	-	-	-	-	-
c	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	3,70,000	3,70,000	2,90,000	1,60,000	40,000	2,25,000	14,55,000
2	Other Non-Executive Directors										
a	Fee for attending board / committee meetings	4,05,000	1,70,000	2,25,000	-	-	-	-	-	-	8,00,000
b	Commission	1,10,23,640	-	-	-	-	-	-	-	-	1,10,23,640
c	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (2)	1,14,28,640	1,70,000	2,25,000	-	-	-	-	-	-	1,18,23,640
	Grand Total (1+2)	1,14,28,640	1,70,000	2,25,000	3,70,000	3,70,000	2,90,000	1,60,000	40,000	2,25,000	1,32,78,640

*Ceiling as per the Act ₹ 1,12,44,113/- (being 2% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

Total Managerial Remuneration (A+B) ₹ 3,33,04,095/-

*Ceiling as per the Act ₹ 6,18,42,620/- (being 11% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

[^] Mr. Kazuhiro Iwata has ceased to be a director on withdrawal of nomination by Nisshinbo Holdings Inc., Japan with effect 13 April, 2018.

* The ceiling as per Act does not include sitting fee payable by the Company.

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

Amount in ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary*	
		M A P Sridhar Kumar	Venkatraman	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38,91,624	13,39,835	52,31,459
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	6,54,300	-	6,54,300
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	45,45,924	13,39,835	58,85,759

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31 March, 2018.

Chennai
13 April, 2018

For and on behalf of the board
L GANESH
Chairman
DIN : 00012583

VINAY LAKSHMAN
Managing Director
DIN : 07295820

ANNEXURE G TO REPORT OF THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE REPORT

1. Philosophy on Code of Governance

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

Our belief in good corporate citizenship enshrined in the Company's Code of Conduct, its policies, compliance with law and robust internal control systems, which are subjected to regular assessment drives its effectiveness, reinforces integrity of management and fairness in dealing with all the stakeholders. This meets with all statutory and regulatory compliance including those under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR).

2. Board of Directors

Composition, Attendance & Meetings

As of 31 March, 2018, the Board of Directors of the Company consists of nine (9) non-executive directors and one (1) executive director with 50% of them being independent directors. The composition of the Board is in conformity

with the Regulation 17 of SEBI LODR entered into with stock exchanges. The woman director of the Company is an Independent Director and there are no alternate directors appointed on the Board. The directorships held by the directors are within the limits prescribed under Section 165 of the Companies Act, 2013. In compliance with Regulation 25 of SEBI LODR, none of the Independent Directors serve as Independent Directors in more than seven (7) listed companies and where any Independent Director is serving as whole-time director in listed company such director is not serving as Independent Director in more than three (3) listed companies. None of the directors on the Board, is a member of more than 10 committees or chairperson of more than 5 committees across all listed and unlisted public companies in which he/she is a director in terms of Regulation 26 of SEBI LODR.

The Board met five (5) times during the financial year 2017-18 on 17 May, 2017; 23 August, 2017; 24 November, 2017; 29 January, 2018 and 22 March, 2018. The names and categories of the directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year, the number of directorships and committee memberships / chairperson position(s) held by them in other public companies as on 31 March, 2018 are given below:

Name of the Director / (DIN)	Category	No of board meetings attended	Attendance at the last AGM (August 23, 2017)	Number of Directorship in other public companies #		Number of Committees Membership ®	
				Chairperson	Member	Chairperson	Member
Mr. L Ganesh (00012583)	Chairman, Non-Executive & Promoter	5	Yes	3	5	-	5
Mr. Vinay Lakshman (07295820)	Managing Director, Executive & Promoter	5	Yes	-	1	-	-
Mr. L Lakshman (00012554)	Non-Executive & Promoter	4	No	-	5	1	5
Mr. Harish Lakshman (00012602)	Non-Executive & Promoter	5	Yes	-	4	1	2
Mr. S Sandilya (00202454)	Non-Executive & Independent	5	Yes	2	5	4	6
Mr. Anil Kumar V Epur (00202454)	Non-Executive & Independent	5	Yes	-	1	-	-
Mr. Suresh Chandra Gupta (02085068)	Non-Executive & Independent	4	Yes	-	-	-	-
Ms. Ranjana Kumar (02930881)	Non-Executive & Independent	4	Yes	-	3	1	3
Mr. Parvathaneni Santosh Kumar (00267280)	Non-Executive & Independent	5	Yes	-	1	-	2

Name of the Director / (DIN)	Category	No of board meetings attended	Attendance at the last AGM (August 23, 2017)	Number of Directorship in other public companies #		Number of Committees Membership @	
				Chairperson	Member	Chairperson	Member
Mr. Kazuhiro Iwata* (06875329)	Non-Executive & Nominee	1	No	-	-	-	-
Mr. Yasuji Ishii^ (08078748)	Non-Executive & Nominee			Not Applicable			

* Mr. Kazuhiro Iwata has ceased to be a nominee director on withdrawal of nomination by Nisshinbho Holdings Inc., Japan with effect meeting of board of directors held on 13 April, 2018.

^ Mr. Yasuji Ishii has been appointed as an additional director, nominated by Nisshinbho Holdings Inc., Japan at the meeting of board of directors held on 13 April, 2018.

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

@ 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. L Lakshman is related to Mr. L Ganesh, Mr. Harish Lakshman and Mr. Vinay Lakshman.

The information as prescribed under Part A of Schedule II pursuant to Regulation 17(7) of SEBI LODR such as annual operating plans and budgets, quarterly results for the Company, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures etc. are discussed by the Board of Directors.

Annual calendar for the Board and its committee meetings is circulated in advance to the directors for their planning. The directors are provided with detailed agenda for the meetings along with necessary annexures to effectively participate in discussions. The Company has post board meeting reviews to monitor and follow up the effective execution of the decisions, directions and suggestions of the Board and its Committees, by the management.

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

The details of familiarisation programme for the independent directors are disclosed in the website of the Company http://ranegroup.com/rbl_investors/familiarisation-programme-for-independent-directors/

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 17 May, 2017; 23 August, 2017; 24 November, 2017 and 29 January, 2018. The details of members and their attendance are as below:

Name of the Director	Category	No of Meetings Attended
Mr. S Sandilya	Chairman, Non-Executive & Independent	4
Mr. L Ganesh	Member, Non-Executive & Promoter	4
Mr. Suresh Chandra Gupta	Member, Non-Executive & Independent	3
Mr. P S Kumar	Member, Non-Executive & Independent	4

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

The Company Secretary acts as the Secretary to the Committee.

The statutory auditors and the internal auditors were present as invitees in all the meetings. The Managing Director and Vice President (Finance) & CFO of the Company attended the meetings by invitation. Based on the requirement, other directors attended the meetings by invitation. All the recommendations of the Audit Committee during the year, were considered, accepted and approved by the Board.

Overall purpose and terms of reference

The purpose of the Audit Committee is to assist the Board of Directors (the “Board”) in reviewing the financial information which is disseminated to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of internal auditors and overseeing the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements.

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

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

- Quarterly / Annual financial statements with statutory auditors and management before submission to the Board.
- Internal control systems, findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- Internal audit function, internal audit reports relating to internal control weaknesses and functioning of whistle blower mechanism.
- 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

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

- Recommends appointment of Auditors and their remuneration and approves the appointment of CFO
- Discusses the scope of audit and post-audit area of concern and qualifications, if any, with Statutory Auditors / Internal Auditors.

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

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

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

4. Nomination and Remuneration Committee (NRC)

Composition, Attendance and Meetings:

The Nomination and Remuneration Committee (NRC) of the Board in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR. The Committee met three (3) times during the year

17 May, 2017; 23 August, 2017 and 29 January, 2018. The details of members and their attendance are as below:

Name of the Director	Category	No of meetings attended
Mr. S Sandilya	Chairman, Non-Executive & Independent	3
Mr. L Ganesh	Member, Non-Executive & Promoter	3
Mr. Suresh Chandra Gupta	Member, Non-Executive & Independent	2
Mr. P S Kumar	Member, Non-Executive & Independent	3

Terms of Reference:

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

During the year, the NRC considered inter alia, reviewed the process for evaluation of the board, its committee & directors and the compensation and benefits of senior management personnel (SMP) and key managerial personnel (KMP) of the Company. It had also recommended payment of commission to Mr. L Ganesh, Chairman; re-appointment of Independent Directors Mr. S Sandilya, Mr. Suresh Chandra Gupta and Mr. Anil Kumar V Epur, in their second term; revision of sitting fees payable to directors; and remuneration to Mr. Vinay Lakshman, Managing Director.

Remuneration Policy

The policy on appointment and remuneration of directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) is available as 'Annexure B' to the report of the Board of Directors.

Siting Fees

The Company has paid sitting fees apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. The sitting fees per meeting of Board and its Committees with effect 17 May, 2017 are detailed 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

Details of Remuneration paid to Directors

The details of remuneration including sitting fees paid to the directors and their shareholding for the year ended 31 March, 2018 are as follows:

Name of the Director	Sitting Fees (₹)	Remuneration (₹)	Shares held as on 31 March, 2018 [@]
Mr. L Ganesh	4,05,000	1,10,23,640	100
Mr. Vinay Lakshman	-	2,00,25,455	50
Mr. L Lakshman	1,70,000	-	100
Mr. Harish Lakshman	2,25,000	-	100
Mr. S Sandilya	3,70,000	-	-
Mr. Suresh Chandra Gupta	2,90,000	-	-
Mr. Anil Kumar V Epur	2,25,000	-	-
Ms. Ranjana Kumar	1,60,000	-	-
Mr. Kazuhiro Iwata	40,000 [#]	-	-
Mr. P S Kumar	3,70,000	-	-

Note:

remitted to Nisshinbo Holdings Inc. Japan.

@ includes joint holdings & HUF, if any

Note:

- No other remuneration was paid to non-executive directors except sitting fees (other than Chairman).

2. Commission paid to Mr. L Ganesh, Chairman for the year 2017-18 pursuant to the approval accorded by shareholders vide ordinary resolution passed at the 10th Annual General Meeting held on 20 July, 2015.
3. Remuneration paid to Mr. Vinay Lakshman, Managing Director is based on recommendation of Nomination and Remuneration Committee and pursuant to approval of the Board of Directors at their meeting held on 23 August, 2017 and based on shareholder's approval at the 11th AGM held on 21 July, 2016. The remuneration paid comprises of salaries & allowances - ₹ 1,52,41,350/- ; perquisites - ₹ 1,25,190/- ; company's contribution to provident fund and superannuation fund - ₹ 6,70,115/- and commission & performance linked incentive - ₹ 39,88,800/-.
4. No shares were pledged by the directors. None of the other directors holds any share in the Company. There is no stock option scheme prevailing in the Company.
5. **Stakeholder's Relationship Committee**

Composition & Attendance of Meetings

The Stakeholder's Relationship Committee (SRC) looks into grievances of shareholders and redress them expeditiously in accordance with Section 178 of the Companies Act, 2013 and as per the requirements under Regulation 20 of SEBI LODR. The Company Secretary is the compliance officer of the Company and acts as Secretary of the committee . The Committee met five (5) times during the year 17 May, 2017; 23 August, 2017; 06 October, 2017, 29 January, 2018 and 22 March, 2018. The details of members and their attendance are stated below:

Name of the Director	Category	No. of meetings attended
Mr. Harish Lakshman	Chairman, Non-Executive & Promoter	5
Mr. L Ganesh	Member, Non-Executive & Promoter	5
Mr. Anil Kumar V Epur	Member, Non-Executive & Independent	5

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

	Nature of Complaint	Received during the year	Resolved	Pending at the end of the year
Regulatory Authorities (MCA / SEBI / Stock Exchanges)	Non-receipt of Annual Report and requested clarifications on the Annual Accounts	2	2	-

	Nature of Complaint	Received during the year	Resolved	Pending at the end of the year
Through Registrar & Transfer Agent	Non-receipt of transmission procedures and attendance slip	2	2	-
Directly to Company	Request for details on annual accounts	3	3	-

During the year one (1) complaint was received under the SEBI Complaints Redress System (SCORES) regarding clarifications on annual accounts and the same was resolved by the Committee. There was no investor complaint pending unresolved at the end of the financial year 2017-18.

6. Corporate Social Responsibility (CSR) Committee

The CSR activities of the Company focus on four specific areas of (a) Education (b) Healthcare (c) Community Development (d) Environment. The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee. The Committee met two (2) times during the year 17 May, 2017 and 29 January, 2018. 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	2
Mr. L Ganesh	Member, Non-Executive & Promoter	2
Mr. Suresh Chandra Gupta	Member, Non-Executive & Independent	1

The Company Secretary acts as the Secretary to the Committee. The Committee approves the annual CSR report, recommends the annual CSR expenditure budget and CSR activities undertaken for the financial year to the Board.

The terms of reference of the Committee are as follows

1. Formulate and recommend CSR Policy, for approval of the Board
2. Approve projects that are in line with the CSR policy

3. Have monitoring mechanisms in place to track the progress of each project
4. Recommend the CSR expenditure to the Board of the company for approval
5. Review new proposals and existing projects' status

The report on CSR projects undertaken during the year 2017-18 as approved by the CSR committee in consultation with the Board is annexed to Director's Report as 'Annexure D'.

7. Other Committees

Share Transfer Committee

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

Finance Committee & Executive Committee

The Finance Committee and Executive Committee has been constituted to exercise the borrowing powers delegated by the Board, to approve the financial facilities in connection with the capital expenditures and working capital expenditures of the Company, as per the Annual Operating Plans approved by the Board and to carry out activities in connection with change in operation of bank accounts and authorization of officials under various legislations

and other administrative matters between two consecutive meetings of the Board. The committees comprise of Mr. L Ganesh, Mr. Vinay Lakshman, Mr. Harish Lakshman and Mr. L Lakshman as its members. No sitting fees is payable to the committee members. During the year no meetings were held.

8. Code of Conduct

The board of directors has laid down a code of conduct i.e. "Ethical Standards of Behaviour – RANE COMPASS" for all board members and employees of the Company in furtherance of its emphasis towards good Corporate Governance practices. The same has been posted on the website of the Company viz., http://ranegroup.com/rbl_investors/code-of-conduct/. The board members and senior management personnel have affirmed their compliance with the code of conduct. Declaration from the Managing Director of the Company to this effect forms part of this report.

Prevention of Insider Trading

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

9. General Body Meetings

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

Date of AGM	Special resolutions passed	Time	Venue
23 August, 2017 (Twelfth AGM)	1. Re-appointment of Mr. S Sandilya as an Independent Director for a second term 2. Re-appointment of Mr. Suresh Chandra Gupta as an Independent Director for a second term 3. Re-appointment of Mr. Anil Kumar Epur as an Independent Director for a second term	10.15 am	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014.
21 July, 2016 (Eleventh AGM)	1. Appointment of Mr. Vinay Lakshman as Managing Director	10.15 am	
20 July, 2015 (Tenth AGM)	No Special resolution was passed	10.30 am	

10. Disclosures

1. During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives or subsidiaries etc., which were in conflict with the interests of the Company. The transactions entered with related parties during the year were covered under the omnibus approval of the Audit Committee and were in the ordinary course and arms' length. The details of the related party transactions as per Ind AS as stated in note no. 33 of the financial statements. The policy on Related party Transaction is available on the website of the Company viz. URL: http://ranegroup.com/rbl_investors/policy-on-related-party-transactions/
2. There was no instance of non-compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority on such matters during the last three years.
3. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.
4. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
5. The Company has complied with all the mandatory requirements prescribed under Chapter IV of the SEBI LODR.

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

- i. Maintaining an office for the Chairman at the registered office of the Company
 - ii. Adopting best practices to ensure a regime of unqualified financial statements
 - iii. Individual communication of half-yearly performance including summary of the significant events to shareholders
 - iv. Separate posts for Chairman and Managing Director
 - v. Internal Auditor directly reporting to the Audit Committee
6. In order to comply with all laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal

standards, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate education to dealing personnel, execution, escalation and regular reviews to strengthen compliance management. The STACK is electronically integrated through an online platform (e-STACK) to improve the compliance management system and its efficiency. The master lists of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.

7. The Company does not have any material listed / unlisted subsidiary companies as defined under SEBI LODR.
8. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Sec 149 of the Companies Act, 2013 and Regulation 16 of the SEBI LODR.
9. The Managing Director and CFO of the Company have certified to the Board on the integrity of the financial statements, effectiveness of internal controls and significant changes in internal control / accounting policies during the year as required under Regulation 17(8) of the SEBI LODR and Companies Act, 2013.
10. The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of SEBI LODR.

11. Whistle blower mechanism:

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

The policy and the mechanism for reporting has been appropriately communicated across all locations of the Company. The whistle blower policy has also been posted in the Company's website http://ranegroup.com/rbl_investors/whistle-blower-policy/

No person has been denied access to the ombudsperson / audit committee.

12. Means of communication

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

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

13. General Shareholder Information

i. Information about directors seeking appointment / re-appointment in this Annual General Meeting in compliance with Regulation 26(4) & 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2) as on April 13, 2018.

Name of the Director	Mr. L Lakshman	Mr. Yasuji Ishii	Ms. Ranjana Kumar	Mr. Vinay Lakshman
Father's Name	Mr. L L Narayan	Mr. Kiyoshi Ishii	Late Sri Kameshwar Nath Raina	Mr. L Lakshman
Director Identification Number (DIN)	00012554	08078748	02930881	07295820
Age (in years)	71	53	72	41
Date of Birth	17 July, 1946	25 December, 1964	10 December, 1945	09 April, 1977
Educational Qualifications	B.E., Executive MBA from London Business School	Bachelor of Engineering, Saitama University, Japan	BA., CAIIB	Commerce graduate from Loyola College and master's degree in accounting and financial management from DeVry University, Chicago.
Experience	Mr. L Lakshman had been spearheading the business of Rane Group of companies and has more than 48 years of industrial experience. He provides guidance and mentorship to the management and advisory support in initiatives of strategic importance to the Group's future growth plans.	Mr. Yasuji Ishii has over 30 years of industrial experience. He presently holds various leadership positions in NISH Group viz., President of Nisshinbo Brake Inc. and Chairman of TMD Friction Group S.A.	Ms. Ranjana Kumar is a prominent banker with varied experience of around 47 years. She was also the Chairman and Managing Director of Indian Bank.	Mr. Vinay Lakshman has over 19 years of management experience. He was associated with TRW Automotive USA, KPMG LLP and Thoratec Corporation. His areas of expertise include strategic planning, ERP implementation, developing forecast models and risk assessment. He was Senior Vice President upto 30 September, 2015 and presently the Managing Director of the Company.
Date of first appointment on the board	18 June, 2007	13 April, 2018	1 st term as Independent Director under Companies Act 2013: 23 January, 2015	01 October, 2015
Terms and Conditions of appointment	Appointment as non-executive director, liable to retire by rotation.	Appointed as a nominee director by the Board, subject to approval of the shareholders at the ensuing AGM as per the Notice convening the 13 th AGM read with explanatory statement thereto. Nominated by Nisshinbo Holdings Inc., Japan and to be appointed as non-executive (nominee) director subject to retirement by rotation.	Proposed to be re-appointed as Independent Director for a second term as per the Notice convening the 13 th AGM read with explanatory statement thereto.	Re-appointment as Managing Director by the Board for a period of five years with effect from 01 April, 2018 to 31 March, 2023, subject to approval of the shareholders as per the Notice convening the 13 th AGM read with explanatory statement thereto.
Last drawn remuneration	Sitting fee for FY 2017-18 ₹ 1,70,000/-	Nil	Sitting fee for FY 2017-18 ₹ 1,60,000/-	Remuneration for FY 2017-18 ₹ 2,00,25,455/-

Name of the Director	Mr. L Lakshman	Mr. Yasuji Ishii	Ms. Ranjana Kumar	Mr. Vinay Lakshman
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. Eligible for sitting fee for attending meetings of the Board and Committees of which he is a member.	No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees of which she is a member.	Approval sought for remuneration.
Relationship with other Directors / Manager / KMP	Brother of L Ganesh and Father of Harish Lakshman and Vinay Lakshman.	-	-	Son of L Lakshman and Brother of Harish Lakshman.
Other Directorships	Chairman Emeritus 1. Rane Holdings Limited Director 1. Rane (Madras) Limited 2. Rane Engine Valve Limited 3. D C M Limited 4. SRF Limited 5. Rane TRW Steering Systems Private Limited 6. Rane NSK Steering Systems Private Limited	Director 1. Nisshinbo Automotive Manufacturing Inc., USA 2. TMD Friction Group S.A, Luxembourg 3. Nisshinbo Brake Inc., Japan 4. Nisshinbo Saeron Changshu Automotive Co. Ltd., China 5. Nisshinbo Somboon Automotive Co. Ltd., Thailand 6. AH Brake Co. Ltd.	Director 1. Tata Global Beverages Limited 2. International Paper APPM Limited 3. Britannia Industries Limited 4. Vyome Biosciences Private Limited 5. Rainbow Children's Medicare Private Limited	Director 1. Automotive Component Manufacturers Association of India 2. Rane t4u Private Limited
Committee Memberships in other Boards	Member – Audit 1. Rane (Madras) Limited 2. Rane Engine Valve Limited 3. SRF Limited 4. D C M Limited 5. Rane NSK Steering Systems Private Limited 6. Rane TRW Steering Systems Private Limited Chairperson – Stakeholders' Relationship 1. Rane (Madras) Limited Member - Nomination and Remuneration 1. Rane (Madras) Limited 2. Rane Engine Valve Limited Chairman – Corporate Social Responsibility 1. Rane (Madras) Limited 2. Rane Engine Valve Limited 3. Rane Brake Lining Limited 4. Rane NSK Steering Systems Private Limited 5. Rane TRW Steering Systems Private Limited Member – Corporate Social Responsibility 1. SRF Limited	NIL	Chairperson – Audit 1. Vyome Biosciences Private Limited Member – Audit 1. Tata Global Beverages Limited Chairman- Nomination and Remuneration 1. Tata Global Beverages Limited Chairman – Stakeholders Relationship 1. International Paper APPM Limited Chairman – Corporate Social Responsibility 1. Tata Global Beverages Limited Member– Risk Management 1. Tata Global Beverages Limited Member- Ethics and Compliance 1. Tata Global Beverages Limited Member– Special Projects 1. Tata Global Beverages Limited Member– Strategy Innovation & Steering 1. Britannia Industries Limited Member- Capex 1. Rainbow Children's Medicare Private Limited	NIL
Number of meetings of the Board attended during the year	Four (4)	Not Applicable	Four (4)	Five (5)
Number of equity shares held[@]	100	Nil	Nil	50

@ includes joint holdings & HUF, if any

ii. Annual General Meeting**24 July, 2018 (Tuesday) at 10.30 a.m.**

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

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

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended 31 March, 2018	13 April, 2018
Un-audited results for the 1 st quarter ending 30 June, 2018	By fourth week of July 2018
Un-audited results for the 2 nd quarter ending 30 September, 2018	By fourth week of October 2018
Un-audited results for the 3 rd quarter ending 31 December, 2018	By last week of January 2019

iv. Dividend:

During the year 2017-18, the board of directors declared an interim dividend of 65% (i.e., ₹ 6.50 per share) on the share capital on 29 January, 2018. The interim dividend was paid on 19 February, 2018 to all the eligible shareholders whose name appeared in the register of members of the Company as on 08 February, 2018 (being the Record Date) fixed for this purpose.

The board of directors of the Company at their meeting held on 13 April, 2018 have considered and recommended a final dividend of 90% (₹ 9/- per share) on the equity share capital for approval of the shareholders at the ensuing 13th AGM to be held on 24 July, 2018. The final dividend, if declared, would be paid for those eligible shareholders whose name appeared in the register of members of the Company as on 17 July, 2018 (being the Record Date) fixed for this purpose.

v. Listing on Stock Exchanges

Stock Exchanges	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	RBL
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532987

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 2017 - 18 to NSE & BSE where the shares of the Company continue to be listed.

vi. Unpaid / Unclaimed Dividends

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended 31 March, 2011 and thereafter which remain unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the Company had transferred to IEPF, being unclaimed final dividend of ₹ 92,494/- for the financial year ended 31 March, 2010 and being interim dividend amount of ₹ 1,02,438/- for the financial year ended 31 March, 2011. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividends when due for transfer to the said fund is given below:-

Year	Date of declaration	Dividend per share [#] (₹)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2018) [^] (₹)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2011	22.07.2011	2.00	69,158	27.08.2018	26.09.2018
31.03.2012*	25.01.2012	4.00	1,32,976	01.03.2019	31.03.2019
31.03.2012	13.07.2012	3.00	1,19,046	18.08.2019	17.09.2019
31.03.2013*	22.01.2013	2.00	77,964	27.02.2020	28.03.2020
31.03.2013	24.07.2013	2.00	80,688	29.08.2020	28.09.2020
31.03.2014	22.07.2014	7.50	3,00,855	27.08.2021	26.09.2021
31.03.2015	20.07.2015	7.00	2,68,737	26.08.2022	25.09.2022
31.03.2016*	10.03.2016	10.00	3,80,530	16.04.2023	16.05.2023
31.03.2017*	20.01.2017	6.00	2,94,222	26.02.2024	27.03.2024
31.03.2017	23.08.2017	9.00	3,92,418	28.09.2024	28.10.2024

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

* - Interim dividend

[^] - Amounts reflect confirmation of balance issued by bank(s).

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on August 23, 2017 in accordance with the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012. The above details were also uploaded on the website of the Company viz. <http://ranegroup.com>.

In respect of interim dividend of ₹ 6.50/- per share declared by the board of directors on 29 January, 2018, unpaid / unclaimed dividend has been transferred to an unclaimed dividend account on 06 March, 2018. The last date for claiming such amount in terms of Section 124 of the Companies Act 2013 is 06 March, 2025.

vii. Transfer of shares to IEPF Authority - DEMAT Account

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

The Ministry of Corporate Affairs has notified depository accounts to which such shares are required to be transferred. During the year, the Company has initiated transfer / transferred such shares to IEPF Authority as under:

Year from which dividend has remained unclaimed / unpaid for seven consecutive years	No. of shares
2009-10 (Interim)	15,599
2009-10 (Final)	114
2010-11 (Interim)	1024

The shareholders, however, may claim the said shares along with corporate actions accrued by following the procedure prescribed the IEPF authority.

The shares relating to unclaimed dividend for FY 2010-11 (Final) and FY 2011-12 (Interim) are liable to be transferred to IEPF Authority during the FY 2018-19. An intimation in this regard would be sent to all concerned shareholders, whose shares are liable to be transferred to IEPF Authority, at their latest known addresses. In accordance with the said rules, the Company shall also publish notices in newspapers and requisite details would be made available on the Investors section of the Company's website: <http://ranegroup.com/>. The concerned shareholders are requested to claim their shares before the due dates of transfer of shares to the IEPF, specified therein newspapers and Company website.

viii. Unclaimed share suspense

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

Details of Unclaimed Suspense account	Number of shareholders	Outstanding shares
Aggregate at the beginning of the year	136	15,250
Requests for transfer during the year	105	11,878
Transfers during the year	105	11,878
Balance at the end of the year	31	3,372

The voting rights of these shareholders shall remain frozen till the rightful owner of such shares claims the same.

ix. Share Price Data:

The share price data as quoted on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) along with the movement in the respective stock index during the last financial year viz., 01 April, 2017 – 31 March, 2018 is given below:

Month	BSE		BSE Sensex		NSE		NSE Nifty	
	Share Prices (₹)		High	Low	Share Prices (₹)		High	Low
	High	Low			High	Low		
April 2017	1063.70	990.00	30,184.22	29,241.48	1064.00	990.00	9,367.15	9,075.15
May 2017	1152.30	980.00	31,255.28	29,804.12	1154.00	985.00	9,649.60	9,269.90
June 2017	1447.00	1077.90	31,522.87	30,680.66	1450.00	1075.20	9,709.30	9,448.75
July 2017	1419.00	1291.55	32,672.66	31,017.11	1395.00	1295.00	10,114.85	9,543.55
August 2017	1360.00	1125.00	32,686.48	31,128.02	1361.80	1124.05	10,137.85	9,685.55
September 2017	1350.00	1112.70	32,524.11	31,081.83	1348.00	1115.05	10,178.95	9,687.55
October 2017	1340.00	1046.00	33,340.17	31,440.48	1344.80	1125.20	10,384.50	9,831.05
November 2017	1378.00	1189.75	33,865.95	32,683.59	1374.90	1190.00	10,490.45	10,094.00
December 2017	1273.95	1108.00	34,137.97	32,565.16	1239.90	1110.00	10,552.40	10,033.35
January 2018	1235.00	1090.00	36,443.98	33,703.37	1228.00	1085.00	11,171.55	10,404.65
February 2018	1140.00	944.00	36,256.83	33,482.81	1149.00	932.00	11,117.35	10,276.30
March 2018	1064.95	890.00	34,278.63	32,483.84	1066.35	899.00	10,525.50	9,951.90

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

x. Registrar and Transfer Agent

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

Integrated Registry Management Services Private Limited
SEBI Registration No. INR000000544
II Floor, 'Kences Towers', No.1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai – 600 017.
Phone: 28140801 - 03, Fax: 28142479, 28143378.
e-mail: corpseiv@integratedindia.in
Name of the contact person: Mr. K Suresh Babu, Director

xi. Share Transfer System & Share Capital Audit

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

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

xii. Distribution of shareholding as on 31 March, 2018

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	9,960	95.84	6,33,589	8.00
501 – 1000	215	2.07	1,63,424	2.06
1001 – 2000	92	0.89	1,34,626	1.70
2001 – 3000	40	0.38	1,04,258	1.32

xv. Address for communication:

The Compliance Officer
Rane Brake Lining Limited
Rane Corporate Centre, "Maithri" 132,
Cathedral Road, Chennai 600 086.
Phone: 28112472 Fax: 28112449
E-mail: 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: corpseiv@integratedindia.in

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
3001 – 4000	18	0.17	66,703	0.84
4001 – 5000	14	0.13	64,325	0.81
5001 – 10000	26	0.25	1,85,698	2.35
10001 & above	27	0.26	65,62,357	82.92
Total	10,392	100.00	79,14,980	100.00

xiii. Shares**Dematerialization**

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of 31 March, 2018, about 98.15% of the shareholdings have been dematerialised.

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

Particulars	Number of shares		% to total capital	
	As on 31 March, 2018	As on 31 March, 2017	As on 31 March, 2018	As on 31 March, 2017
Physical	1,46,308	1,61,222	1.85	2.04
Demat	77,68,672	77,53,758	98.15	97.96
Total	79,14,980	79,14,980	100.00	100.00

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

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

Demat ISIN : **INE244J01017**

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

xiv. Plant locations :

Refer Corporate Overview section of the Annual Report

To
The Members
Rane Brake Lining Limited

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

I, hereby declare that to the best of my knowledge and information, all the board members and senior management personnel have affirmed compliance with 'Ethical Standards of Behaviour – RANE COMPASS', the code of conduct, for the year ended 31 March, 2018.

Chennai
13 April, 2018

VINAY LAKSHMAN
Managing Director
DIN : 07295820

INDEPENDENT AUDITOR'S CERTIFICATE

To
The Members
Rane Brake Lining Limited

1. We have examined the compliance of conditions of Corporate Governance by **Rane Brake Lining Limited** ("the company") for the year ended on 31 March, 2018, as stipulated in the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations, as applicable.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

Chennai
13 April, 2018

P R PRASANNA VARMA
Partner
Membership Number : 025854

INDEPENDENT AUDITORS' REPORT

To

The Members

Rane Brake Lining Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone financial statements of Rane Brake Lining Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the State of Affairs (financial position), profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March, 2018 and its Profit (financial performance including Other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 01 April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by us and our report for the year ended 31 March 2017 and 31 March 2016, dated 17 May, 2017 and 23 May, 2016 respectively expressed an unmodified opinion on those standalone audited financial statements, which have been restated to comply with Ind AS. Adjustments to the said comparative financial information for the differences in Accounting Principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
 2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act; and
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in "Annexure B".
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 38 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

P R PRASANNA VARMA
Partner
Membership Number : 025854

Chennai
13 April, 2018

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF RANE BRAKE LINING LIMITED FOR THE YEAR ENDED 31 MARCH, 2018

- (i) a. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. We are informed that fixed assets have been physically verified by the Management at reasonable intervals and that no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and based on the examination of the records of the company and also having regard to the confirmation received from banks in respect of title deeds deposited with them wherever applicable and also having regard to the legal opinion received in a case, we report that the title deeds of immovable properties are held in the name of the company.
- (ii) We are informed that the physical verification of inventory has been conducted by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies / firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013, and hence, the relative reporting requirements under Clause 4(iii) of the Order is not commented upon.
- (iv) According to the information and explanations given to us and based on the records of the company examined by us, the company has not made any investments, granted any loans or given any security or guarantee for which the provisions of section 185 and 186 of the Act are applicable.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited on account of any dispute as at 31 March, 2018 are as follows:

Statute	Nature of dues	Amount (₹ in crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.48	April 2000 to March 2002, April 2003 to March 2004	High Court of Judicature, Madras
Income Tax Act, 1961	Income Tax	0.74	April 2004 to March 2005, April 2006 to March 2008	Income Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income Tax	2.60	April 2010 to March 2013, April 2014 to March 2015	Commissioner of income (Appeals), Chennai
Central Sales Tax Act, 1956	Sales Tax	0.33	April 2004 to March 2005, April 2008 to March 2011	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Sales Tax	0.01	April 2011 to March 2012	Joint Commissioner (CT)- II, Hyderabad
Central Sales Tax Act, 1956	Sales Tax	0.24	April 2008 to March 2009 and April 2011 to March 2012	Puducherry Value Added Tax Appellate Tribunal, Puducherry
Central Sales Tax Act, 1956	Sales Tax	0.01	April 2010 to March 2011	The Joint Commissioner of Sales Tax (Appeal), Pune

Statute	Nature of dues	Amount (₹ in crores)	Period to which the amount relates	Forum where the dispute is pending
Puducherry Value Added Tax Act, 2007	Sales Tax	0.01	April 2008 to March 2009 and April 2011 to March 2012	Puducherry Value Added Tax Appellate Tribunal, Puducherry
Kerala Value Added Tax, 2003	Sales Tax	0.03	April 2010 to March 2012	The Deputy Commissioner (Appeals-I), Ernakulam
Central Excise Act, 1944	Excise Duty (including interest and penalty)	0.04	March 2009 to April 2010	Customs, Excise And Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service Tax (including interest and penalty)	0.70	August 2002 to March 2004, April 2006 to March 2008, April 2010 to March 2011 and April 2016 to March 2017	Customs, Excise And Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service Tax (including interest and penalty)	0.20	July 2012 to March 2015, April 2015 to March 2017	Commissioner of Central Excise (Appeals), Chennai
Finance Act, 1994	Service Tax (including interest and penalty)	0.27	February 2009 to March 2011, April 2015 to January 2016	Commissioner of Central Excise (Appeals), Puducherry

- (viii) In our opinion and according to the information and explanations given to us and based on the records of the Company examined by us, the Company has not defaulted in repayment of loans to banks. The Company has neither taken any loans or borrowings from any financial institution or government during the year nor has it issued any debentures.
- (ix) According to the information and explanations given to us and based on the records of the Company examined by us, no monies were raised by way of initial public offer or further public offer (including debt instruments) or by way of term loans during the year and hence relative reporting requirements under clause 3(ix) of the Order are not commented upon.
- (x) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees which has been, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on the records of the Company examined by us, managerial remuneration 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.
- (xii) The Company is not a Nidhi Company. Accordingly, the reporting requirements under clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us and based on the records of the Company examined by us, transactions with the related parties are in compliance with

sections 177 and 188 of the Act where applicable and the details thereof have been duly disclosed in Note 33 to the standalone Ind AS financial statements as required by the applicable accounting standard.

- (xiv) According to the information and explanations given to us and based on the records of the Company examined by us, the company has not made any preferential allotment / private placement of shares or fully or partially convertible debentures during the year under review and hence the requirements of Section 42 of the Act are not applicable.
- (xv) According to the information and explanations given to us and based on the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirements under clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and the records of the Company examined by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause 3(xvi) of the Order is not applicable.

For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

Chennai
13 April, 2018

P R PRASANNA VARMA
Partner
Membership Number : 025854

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF RANE BRAKE LINING LIMITED FOR THE YEAR ENDED 31 MARCH, 2018

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

We have audited the internal financial controls over financial reporting of Rane Brake Lining Limited ("the Company") as of 31 March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the

internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

Chennai
13 April, 2018

P R PRASANNA VARMA
Partner
Membership Number : 025854

BALANCE SHEET

AS AT 31 MARCH, 2018

(₹ in crores)

S. No	Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
A.	ASSETS				
	Non-Current Assets				
(a)	Property, Plant and Equipment	2	109.63	120.69	104.14
(b)	Capital Work in Progress	2	3.63	0.42	1.84
(c)	Intangible Assets	3	4.52	0.13	0.18
(d)	Financial Assets				
(i)	Investments	4	-	0.37	0.37
(ii)	Other financial assets	5	12.16	12.32	9.18
(e)	Deferred Tax Asset	13	0.50	-	-
(f)	Tax assets (Net)	14	-	1.01	1.25
(g)	Other Non Current Assets	6	0.98	1.36	0.02
	Total Non-Current Assets		131.42	136.30	116.98
	Current Assets				
(a)	Inventories	7	36.05	35.52	30.92
(b)	Financial Assets				
(i)	Trade Receivables	9	120.83	100.25	98.96
(ii)	Cash and Cash Equivalents	8A	9.51	1.19	1.86
(iii)	Bank Balances other than (ii) above	8B	0.12	0.09	0.06
(iv)	Other Financial assets	5	1.11	1.05	3.02
(c)	Other Current Assets	6	11.85	3.35	3.90
	Total Current Assets		179.47	141.45	138.72
	TOTAL ASSETS		310.89	277.75	255.70
B.	EQUITY AND LIABILITIES				
	Equity				
(a)	Equity Share Capital	10	7.91	7.91	7.91
(b)	Other Equity	11	180.30	158.86	129.83
	Total Equity		188.21	166.77	137.74
	Liabilities				
	Non-Current Liabilities				
(a)	Financial Liabilities				
i.	Borrowings	12A	-	-	4.66
ii.	Other financial Liabilities	16	0.05	0.33	0.31
(b)	Provisions	17	2.80	2.96	2.97
(c)	Deferred Tax Liabilities (Net)	13	-	2.35	4.48
(d)	Other non-current liabilities	18	0.22	0.45	-
	Total Non-Current Liabilities		3.07	6.09	12.42
	Current Liabilities				
(a)	Financial Liabilities				
i.	Borrowings	12B	0.12	5.99	16.83
ii.	Trade Payables				
a)	Micro and small enterprises	15	5.11	4.44	1.46
b)	Others	15	101.15	80.11	68.98
iii.	Other financial Liabilities	16	0.22	0.19	8.00
(b)	Other Current Liabilities	18	2.86	10.17	6.07
(c)	Provisions	17	8.28	3.99	4.20
(d)	Current tax Liabilities (Net)	14	1.87	-	-
	Total Current Liabilities		119.61	104.89	105.54
	Total Liabilities		122.68	110.98	117.96
	TOTAL EQUITY AND LIABILITIES		310.89	277.75	255.70
	Significant Accounting Policies, key accounting estimates and judgements	1			
	See accompanying notes to financial statements	2-42			

As per our report of even date attached
For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

For and on behalf of the Board

P R PRASANNA VARMA
Partner
(Membership No. 025854)

L GANESH
Chairman
DIN:00012583

VINAY LAKSHMAN
Managing Director
DIN:07295820

Chennai
13 April, 2018

M A P SRIDHAR KUMAR
Chief Financial Officer

VENKATRAMAN
Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in crores)

S. No	Particulars	Note No.	Year ended 31 March, 2018	Year ended 31 March, 2017
I	Revenues from Operations	19	495.88	532.77
II	Other Income	20	4.74	4.47
III	Total Income (I+II)		500.62	537.24
IV	Expenses:			
	Cost of materials consumed	21	235.44	226.72
	Purchases of Stock-in-Trade		0.01	0.04
	Changes in Inventories of finished goods, work-in-progress and stock in trade	22	0.11	(2.35)
	Excise duty on sale of goods		13.41	66.66
	Employee benefits expense	23	65.35	66.59
	Finance costs	24	0.37	0.78
	Depreciation, amortisation and impairment	25	23.71	19.50
	Other expenses	26	105.69	101.89
	Total Expenses (IV)		444.09	479.83
V	Profit before tax (Before Exceptional items) (III-IV)		56.53	57.41
VI	Exceptional items	35	1.64	14.71
VII	Profit before tax (After Exceptional items) (V-VI)		54.89	42.70
VIII	Tax Expense:			
	(1) Current Tax	27	23.87	9.73
	(2) Deferred Tax	27	(4.73)	(1.96)
			19.14	7.77
IX	Profit for the year (VII - VIII)		35.75	34.93
	Other Comprehensive Income (OCI)			
	A. i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans	31	0.70	(0.28)
	ii) Income tax relating to items that will not be reclassified to profit or loss	27.1	(0.24)	0.10
X	Total other comprehensive income A(i+ii)		0.46	(0.18)
XI	Total Comprehensive Income for the period (IX+X)		36.21	34.75
XII	Earnings Per Equity Share (Nominal value per share ₹ 10/-)			
	(a) Basic (In ₹)	29	45.17	44.13
	(b) Diluted (In ₹)	29	45.17	44.13
	Number of shares of ₹ 10 each		79,14,980	79,14,980
	Significant Accounting Policies, key accounting estimates and judgements	1		
	See accompanying notes to financial statements	2-42		

As per our report of even date attached
For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

For and on behalf of the Board

P R PRASANNA VARMA
Partner
(Membership No. 025854)

L GANESH
Chairman
DIN:00012583

VINAY LAKSHMAN
Managing Director
DIN:07295820

Chennai
13 April, 2018

M A P SRIDHAR KUMAR
Chief Financial Officer

VENKATRAMAN
Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in crores)

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
A. Cash flow from operating activities		
Profit for the year	54.89	42.70
Adjustments for :		
Finance costs recognised in profit or loss	0.37	0.48
Interest Income recognised in profit or loss	(0.44)	(0.60)
Dividend Income recognised in profit or loss	(0.11)	(0.12)
(Gain) / Loss on disposal of property, plant and equipment	0.01	0.33
Deferred revenue recognised on account of Government grant	(0.24)	(0.02)
Impairment loss recognised on trade receivables	(0.59)	2.31
Depreciation and Amortisation of non-current assets	21.70	19.50
Impairment of property, plant and equipment	2.01	
Net foreign exchange (gain) / loss	0.21	0.66
	22.92	22.54
	77.81	65.24
Movement in working capital :		
(Increase) / decrease in trade and other receivables	(19.99)	(3.61)
(Increase) / decrease in inventories	(0.53)	(4.60)
(Increase) / decrease in other assets	(8.03)	(1.89)
Increase / (decrease) in trade payables	21.50	13.45
Increase / (decrease) in provisions	4.84	(0.51)
Increase / (decrease) in other liabilities	(7.28)	3.01
	(9.49)	5.85
Cash generated from operations	68.32	71.09
Income Tax paid	(19.61)	(9.50)
Net cash generated by operating activities	48.71	61.59
B. Cash flow from investing activities		
Proceeds on sale of financial assets	(0.01)	-
Interest received	0.55	0.64
Payments for property, plant and equipment	(15.87)	(34.98)
Payments for intangible assets	(4.39)	0.05
Sale of investments	0.37	
Net cash (used in) / generated by investing activities	(19.35)	(34.29)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in crores)

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
C. Cash flow from financing activities		
Repayment from borrowings	(5.87)	(16.68)
Repayment from government loans	-	(4.66)
Dividends paid to the owners of the Company	(14.77)	(5.72)
Interest paid	(0.37)	(0.89)
Net cash used in financing activities	(21.01)	(27.95)
Net increase in cash and cash equivalents	8.35	(0.65)
Cash and Cash equivalents at the beginning of the year	1.28	1.93
Effects of exchange rate changes of the balance of cash and cash equivalents held in foreign currencies	-	-
Cash and Cash equivalents at the end of the year	9.63	1.28

Notes:

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

(b) Cash and Cash equivalents comprises of

Particulars	31 March, 2018	31 March, 2017
(i) Cash and Cash Equivalents		
(a) Balance with banks in Current accounts	2.60	0.80
(b) Balance with banks in deposit accounts	1.53	0.34
(c) Cash on hand	0.05	0.05
(d) Mutual Fund investments	5.33	
Sub-Total	9.51	1.19
(ii) Other Bank Balances		
(a) Balances with banks in earmarked accounts	0.12	0.09
Sub-Total	0.12	0.09
Total	9.63	1.28

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

P R PRASANNA VARMA
Partner
(Membership No. 025854)

Chennai
13 April, 2018

For and on behalf of the Board

L GANESH
Chairman
DIN:00012583

M A P SRIDHAR KUMAR
Chief Financial Officer

VINAY LAKSHMAN
Managing Director
DIN:07295820

VENKATRAMAN
Secretary

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH, 2018

(₹ in crores)

Particulars	Share Capital	Other Equity				Total
		Share premium	General reserve	Retained earnings	Remeasurement Gain / (Loss) on defined benefit obligation	
Balance as at 01 April, 2016	7.91	2.80	117.69	9.34	129.83	137.74
2016-17						
Profit for the year				34.93	34.93	34.93
Other comprehensive income for the year, net of income tax					(0.18)	(0.18)
Amount transferred within Reserves					-	-
Payment of dividends				(5.72)	(5.72)	(5.72)
Balance as at 31 March, 2017	7.91	2.80	117.69	38.55	158.86	166.77
2017-18						
Profit for the year				35.75	35.75	35.75
Other comprehensive income for the year, net of income tax					0.46	0.46
Amount transferred within Reserves			15.67	(15.67)	-	-
Payment of dividends				(14.77)	(14.77)	(14.77)
Balance as at 31 March, 2018	7.91	2.80	133.36	43.86	180.30	188.21

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

P R PRASANNA VARMA
Partner
(Membership No. 0258554)

Chennai
13 April, 2018

For and on behalf of the Board

VINAY LAKSHMAN
Managing Director
DIN:07295820

VENKATRAMAN
Secretary

L GANESH
Chairman
DIN:00012583

M A P SRIDHAR KUMAR
Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 1 : Summary of Significant Accounting Policies, critical judgements and key estimates

1. General Information

Rane Brake Lining Limited (The "Company") is engaged in manufacture of brake linings, disc pads, clutch facings, clutch buttons, brake shoes and railway brake blocks and as such operates in a single reportable business segment of 'Auto components for transportation industry'. The Company is having four manufacturing facilities at Chennai, Hyderabad, Puducherry and Trichy. The Company is a Public Limited Company and listed on Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act ("the Act"), 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Act. Upto the year ended 31 March, 2016, the Company prepared the financial statements in accordance with the requirements of the previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the Act. These are the Company's first Ind AS financial statements. The date of transition to the Ind AS is 01 April, 2016. Refer Note 41 for details of the first-time adoption exceptions and exemptions availed by the Company.

The financial statements are prepared under historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, in accordance with the Generally Accepted Accounting Principles in India and comply in all material respects with the accounting standards specified under the section 133 of the Act.

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

2.2 Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India

requires the management to make judgements, estimates and assumptions that effect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment in value, if any. Cost includes purchase price, (inclusive of import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any. If the Company has acquired a Property, Plant and Equipment on deferred term basis and terms are beyond normal credit terms, property plant and equipment will be recognized on cash price equivalent, i.e. discounted amount. The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress. The cost of replacement spares / major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation on Property, Plant and Equipment (Tangible assets) is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under Straight line method. The useful life of assets prescribed in Schedule II to the Companies

Act, 2013 are considered for the purpose of computation of Depreciation. However, If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at such a rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life indicated below which is different from that stated in Schedule II to the Companies Act, 2013.

Asset	Life
Vehicles	5
Furniture and Fixtures	5
Office Equipments (other than computers)	3
Laboratory Equipments	3

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

2.4 Intangible Assets

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

Asset	Life
Software licence	3
Technical Know how	3

Amortisation method and useful lives are reviewed annually.

2.5 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an

impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognised.

2.6 Borrowing Cost

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

2.7 Inventories

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

2.8 Foreign Currency Transaction

Initial Recognition

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

Subsequent Recognition

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

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

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

Derivative Financial instruments and Hedge Accounting

The Company is exposed to foreign currency risk arising out of foreign currency revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans. The Company has a detailed foreign currency risk mitigation policy in place, including the use of derivatives

like the forward currency contracts / options contracts to hedge forecasted cash flows denominated in foreign currency. The objective of the same is to mitigate the impact of foreign currency exchange fluctuations caused by transacting in foreign currency incase of future cash flows or highly probable forecast transactions. The Company enters into various foreign currency derivative contracts with Banks in the form of Forward currency contracts ('Hedging instrument') and recognise the financial assets / liabilities ('Hedged item') through formal documentation of the hedging relationship in line with the Company's Foreign currency risk management policy.

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

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

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

2.9 Revenue Recognition

Sale of goods

Revenue from sales is recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract. Revenue is measured at the fair value of consideration received or receivable, net of trade discounts, rebates, goods and service tax and sales taxes.

Other Income

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

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

Insurance Claims : Insurance claims are accounted for on the basis of claims lodged with insurance company and to the extent that there is a reasonable certainty in realising the claims

2.10 Employee Benefits

1. Short - Term employee benefits

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

2. Defined Contribution Plans

Provident Fund

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

Superannuation Fund

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

3. Defined Benefit Plan

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") administered by LIC covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are 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 or loss.

4. Other Long term employee benefits

Compensated Absence

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

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

2.11 Taxes on Income

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

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

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred

tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation law.

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

2.12 Financial instruments

Initial recognition

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

Subsequent measurement

i. Financial assets carried at amortized cost

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

ii. Financial assets at fair value through profit or loss

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

iii. Financial liabilities

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

Derecognition of financial instruments

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

Impairment

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

2.13 Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

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

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

2.14 Government Grants

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

2.15 Research & Development Expenditure

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

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

2.16 Provisions and Contingent Liabilities

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

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

2.17 Earnings Per Share

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

shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.18 Provision for Warranty

The Company's product warranty obligations and estimations thereof are determined using historical information on the type of product, nature, frequency and average cost of warranty claims and the estimates regarding possible future incidences of product failures. Changes in estimated frequency and amount of future warranty claims, which are inherently uncertain, can materially affect warranty expense.

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

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

3.1. Useful lives of property, plant and equipment

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

3.2. Employee Benefits

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

3.3. Taxation

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

3.4. Provisions and contingencies

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

4. Recent accounting pronouncements

- a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 01 April, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.
- b) Ind AS 115 - Revenue from Contract with Customers: On 28 March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The management has evaluated the effect on adoption of Ind AS 115 on the accounts and the same is expected to be insignificant.

Note 2 : Property, Plant and Equipment and Capital Work-in-progress

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Carrying amounts of:			
Freehold land	4.47	4.46	3.77
Buildings	31.56	31.67	30.35
Plant and equipment	71.36	82.66	68.56
Furniture and Fixtures	0.12	0.21	0.34
Office Equipments	1.59	1.08	0.70
Vehicles	0.53	0.61	0.42
Sub-Total	109.63	120.69	104.14
Capital Work-in-progress	3.63	0.42	1.84
Total	113.26	121.11	105.98

(₹ in crores)

Gross carrying value	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at 01 April, 2016	3.77	30.35	68.56	0.34	0.70	0.42	104.14
Additions	0.69	2.72	31.60	0.02	0.93	0.36	36.32
Disposals	-	-	(0.35)	(0.01)	(0.01)	-	(0.37)
Balance as at 31 March, 2017	4.46	33.07	99.81	0.35	1.62	0.78	140.09
Additions	0.04	1.52	9.38	0.02	1.33	0.09	12.38
Disposals	(0.03)	-	(0.96)	(0.04)	(0.10)	(0.08)	(1.21)
Balance as at 31 March, 2018	4.47	34.59	108.23	0.33	2.85	0.79	151.26

(₹ in crores)

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at 31 March, 2016	-	-	-	-	-	-	-
Eliminated on disposals	-	-	-	-	-	-	-
Depreciation / impairment expense	-	1.40	17.15	0.14	0.54	0.17	19.40
Balance as at 31 March, 2017	-	1.40	17.15	0.14	0.54	0.17	19.40
Eliminated on disposals	-	-	(0.96)	(0.03)	(0.10)	(0.07)	(1.16)
Depreciation / impairment expense (refer Note-2.1 below)	-	1.63	20.68	0.10	0.82	0.16	23.39
Balance as at 31 March, 2018	-	3.03	36.87	0.21	1.26	0.26	41.63

(₹ in crores)

	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Carrying amount as on 01 April, 2016	3.77	30.35	68.56	0.34	0.70	0.42	104.14
Carrying amount as on 31 March, 2017	4.46	31.67	82.66	0.21	1.08	0.61	120.69
Carrying amount as on 31 March, 2018	4.47	31.56	71.36	0.12	1.59	0.53	109.63

Note-2.1

During the year, the Company has recognised an impairment loss of ₹ 2.01 crores in plant and machinery in respect of a product line at one of its plants on account of slowdown in market offtake of the respective product. The recoverable amount of the said unit amounts to ₹ 0.30 crores determined by the management based on estimated market price, which is categorised within Level-3 hierarchy under Ind AS-113.

Capital Work-in-progress

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Plant and equipment	3.63	0.42	1.84
Total	3.63	0.42	1.84

Note 3 : Intangible Assets

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Carrying amounts of:			
Technical Knowhow	3.84	-	-
Software Licence	0.68	0.13	0.18
Total	4.52	0.13	0.18

(₹ in crores)

Gross carrying amount	Technical Knowhow	Software Licence	Total
Balance as at 01 April, 2016	-	0.18	0.18
Additions made during the year	-	0.05	0.05
Balance as at 31 March, 2017	-	0.23	0.23
Additions made during the year	4.07	0.64	4.71
Balance as at 31 March, 2018	4.07	0.87	4.94

Accumulated Amortisation	Technical Knowhow	Software Licence	Total
Balance as at 01 April, 2016	-	-	-
Amortisation expense for the year	-	0.10	0.10
Balance as at 31 March, 2017	-	0.10	0.10
Amortisation expense for the year	0.23	0.09	0.32
Balance as at 31 March, 2018	0.23	0.19	0.42
Carrying amount as on 01 April, 2016	-	0.18	0.18
Carrying amount as on 31 March, 2017	-	0.13	0.13
Carrying amount as on 31 March, 2018	3.84	0.68	4.52

Note 4 : Investments

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Investments in Equity Instruments at FVTPL - Unquoted			
Investment in Equity shares of TCW Renewable energy Pvt. Ltd.	-	0.37	0.37
Total	-	0.37	0.37

Note:

TCW Renewable energy India Pvt. Ltd., 408,969 shares - Face value of ₹ 10/- for consideration of ₹ 9.02 each

Note 5 : Other Financial Assets

(₹ in crores)

Particulars	Non-current as at			Current as at		
	31 March, 2018	31 March, 2017	01 April, 2016	31 March, 2018	31 March, 2017	01 April, 2016
Unsecured and considered good unless otherwise stated :						
(a) Security Deposits (Refer note (i))	6.79	6.96	4.20	0.37	0.37	0.25
(b) Interest receivable	-	-	-	0.41	0.45	0.38
(c) Advance recoverable in cash	-	-	-	0.33	0.23	0.75
(d) Long term deposits more than one year	0.11	0.14	0.34	-	-	-
(e) Earmarked balances for Unclaimed dividend	0.21	0.17	0.11	-	-	-
(f) Other deposits	5.05	5.05	4.53	-	-	-
(g) Forward exchange contract (Net)	-	-	-	-	-	1.64
Total	12.16	12.32	9.18	1.11	1.05	3.02

(i) Includes rent deposit paid to director - ₹ 0.12 Crore (31 March, 2017: ₹ 0.12 Crore)

Note 6 : Other Assets

(₹ in crores)

Particulars	Non-current as at			Current as at		
	31 March, 2018	31 March, 2017	01 April, 2016	31 March, 2018	31 March, 2017	01 April, 2016
Other Non Financial Assets						
Unsecured and considered good unless otherwise stated :						
Capital Advances	0.98	1.36	0.02	-	-	-
Advances paid to suppliers	-	-	-	1.56	0.14	1.93
Balance with Customs and Central Excise Authorities	-	-	-	8.29	1.03	0.46
Tooling advance	-	-	-	-	-	0.00
Prepaid Expenses	-	-	-	1.16	1.38	0.89
Travel advance	-	-	-	0.84	0.80	0.62
Unsecured and considered doubtful :						
(a) Capital Advances	0.20	0.20	-	-	-	-
Less: Provision for doubtful advances	(0.20)	(0.20)	-	-	-	-
Total	0.98	1.36	0.02	11.85	3.35	3.90

Note 7 : Inventories

(At lower of cost and net realisable value)

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
(a) Raw materials	16.10	16.17	14.96
(b) Work-in-progress	3.57	4.74	3.74
(c) Finished goods	11.03	9.96	8.62
(d) Stores and spares	2.37	1.77	1.61
(e) Goods in transit	2.98	2.88	1.99
Total	36.05	35.52	30.92

The cost of inventories recognised as an expense during the year is as per Note No. 21 and 22.

The cost of inventories recognised as an expense includes ₹ 0.67 crores (during 2016-17: ₹ 0.36 crores) in respect of write-downs of inventory to net realisable value.

The mode of valuation of inventories has been stated in note 2.7

Note 8 : Cash and Bank Balances**Note 8A : Cash and Cash Equivalents**

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
(a) Balance with banks in Current accounts	2.60	0.80	1.14
(b) Balance with banks in deposit accounts	1.53	0.34	0.66
(c) Cash on hand	0.05	0.05	0.06
(d) Mutual Fund investments	5.33	-	-
Total	9.51	1.19	1.86

Note 8B : Other Bank Balances

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
(a) Balances with banks in earmarked accounts - In Margin Money accounts (refer Note-(a) below)	0.12	0.09	0.06
Total	0.12	0.09	0.06

Note:

(a) Held as margin by bank against bank guarantees

Note 9 : Trade Receivables

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Secured, considered good	-	-	-
Unsecured, considered good	120.83	100.25	98.96
Unsecured, considered doubtful	2.88	3.47	1.16
Sub -Total	123.71	103.72	100.12
Allowance for doubtful debts (expected credit loss allowance)	(2.88)	(3.47)	(1.16)
Total	120.83	100.25	98.96
Current	120.83	100.25	98.96
Non-current	-	-	-

9.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The range of provision created as a percentage of outstanding under various age groups below 120 days past due comes to 0% - 30%. The Company as a policy provides for 100% for outstanding above 120 days past due.

Ageing of Trade receivables	Range of Expected Credit loss %
Less than 120 Days past due	0% - 30%
More than 120 days past due	100%

(₹ in crores)

Age of receivables	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Less than 120 Days past due	122.90	101.59	99.06
More than 120 days past due	0.82	2.14	1.06
Total	123.71	103.72	100.12

(₹ in crores)

Movement in expected credit loss allowance	Year ended 31 March, 2018	Year ended 31 March, 2017
Balance at beginning of the year	3.47	1.16
Movement in expected credit loss allowance on trade receivables	(0.44)	2.48
Amount written off during the year	(0.15)	(0.17)
Balance at end of the year	2.88	3.47

Note 10 : Equity Share Capital

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
AUTHORISED			
Equity Shares:			
1,00,00,000 Equity Shares of ₹ 10 each	10.00	10.00	10.00
ISSUED, SUBSCRIBED AND FULLY PAID UP			
79,14,980 Equity Shares of ₹ 10 each fully paid-up	7.91	7.91	7.91
Total	7.91	7.91	7.91

10.1 Reconciliation of number of shares

Particulars	2017-18		2016-17	
	No. of Shares (in Nos)	Amount (₹ in crores)	No. of Shares (in Nos)	Amount (₹ in crores)
Equity Shares of ₹ 10 each fully paid up				
At the beginning of the period	79,14,980	7.91	79,14,980	7.91
At the end of the period	79,14,980	7.91	79,14,980	7.91

10.2 Rights, preferences and restrictions attached to shares

The Company has one class of equity share having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

10.3 Shares held by holding company

Particulars	2017-18		2016-17	
	No. of Shares (in Nos)	Amount (₹ in crores)	No. of Shares (in Nos)	Amount (₹ in crores)
36,48,311 shares (March 31 ,2017: 36,48,311 shares) of ₹ 10 each, fully paid up held by Rane Holdings Limited, the Holding Company	36,48,311	3.65	36,48,311	3.65

10.4 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					
	31 March, 2018		31 March, 2017		01 April, 2016	
	Nos.	%	Nos.	%	Nos.	%
Rane Holdings Limited	36,48,311	46.09%	36,48,311	46.09%	36,48,311	46.09%
Nisshinbo Holdings Inc.	15,95,249	20.15%	15,95,249	20.15%	15,95,249	20.15%
United India Insurance Company Ltd	4,79,030	6.05%	4,79,030	6.05%	4,79,030	6.05%

Note 11 : Other Equity

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
General Reserve	133.36	117.69	117.69
Securities Premium Reserve	2.80	2.80	2.80
Retained Earnings	44.14	38.37	9.34
	180.30	158.86	129.83

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.

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) General Reserve		
Opening balance	117.69	117.69
Add : Addition during the year	15.67	-
Less : Transfer to Accumulated Depreciation pursuant to Companies Act 2013	-	-
Less : Adjustment arising on Amalgamation	-	-
Less : Utilised during the year	-	-
Closing balance	133.36	117.69
General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.		
(b) Securities Premium Reserve		
Opening balance	2.80	2.80
Add : Addition during the period	-	-
Closing balance	2.80	2.80

Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(c) Retained Earnings		
Balance at the beginning of the year	38.37	9.34
Profit attributable to the owners of the company	35.75	34.93
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	0.46	(0.18)
Payment of dividends on equity shares	(14.77)	(5.72)
Transfer to General reserve	(15.67)	-
Balance at the end of the year	44.14	38.37
<p>On 17 May, 2017, a dividend of ₹ 9.00 per share (total dividend, including dividend distribution tax ₹ 8.57 Cr) was paid to the holders of fully paid equity shares as final dividend for the year 2016-17.</p> <p>On 29 January, 2018, a dividend of ₹ 6.50 per share (total dividend, including dividend distribution tax ₹ 6.19 Crore) was paid to the holders of fully paid equity shares as interim dividend for the year 2017-18.</p> <p>In respect of the year ended 31 March, 2018, the directors propose that a dividend of ₹ 9.00 per share be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ 8.59 crores.</p> <p>All adjustments arising on account of transition to Ind AS are recorded under this reserve.</p>		
Total Other Equity	180.30	158.86

Note 12A : Non-Current Borrowings

(₹ in crores)

Particulars	Non-Current Portion			Current Maturities		
	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Unsecured - at amortised cost						
i) Deposits	-	-	-	-	-	0.91
ii) Interest free loan from A.P.Government under Sales Tax Deferral Scheme	-	-	4.66	-	-	0.30
Sub Total	-	-	4.66	-	-	1.21
Secured - at amortised cost						
i) Term Loans	-	-	-	-	-	-
- from banks	-	-	-	-	-	6.22
Sub Total	-	-	-	-	-	6.22
Total	-	-	4.66	-	-	7.43

Note 12B : Current Borrowings

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Secured - at amortised cost			
a. Loan repayable on demand (Refer note below)			
- from banks	0.12	5.99	16.83
Total	0.12	5.99	16.83

Note : The terms of repayment of term loans are given below -

Particulars	Terms of repayment
Working capital loans, Buyers credit and PCFC from banks are secured on paripassu basis by way of hypothecation of all inventories, book debts and other current assets of the Company. Amount outstanding as shown in Note 12B represent the cheques issued but not paid.	-
The term loans from banks primarily comprise of ₹ Nil as on 31 March, 2017 (₹ 4.60 crores as on 31 March, 2016) secured by paripassu charge on Company's immovable properties both present and future and also secured by hypothecation of Company's movable properties both present and future. The outstanding amount of loans carry interest rate at 7.25% , are repayable over the next 16 Instalments from January 2013.	Repayable in 16 equal instalments from 20 January, 2013
Deferred sales tax loan - Government of Andhra Pradesh, commissionerate of industries issued to the Company eligibility certificate No.20/2/8/1551 dated 27th January 1999 for deferral of sales tax beyond 01 July, 1998 to 30 June, 2012 which would be treated as interest free loan. The sales tax deferred for the period from 01 January, 1999 to 31 March, 2012 aggregating ₹ Nil (31 March, 2016: ₹ 4.96 crores) has been classified as unsecured loan.	The sales tax deferral loan is settled during the year at a discounted value as per the scheme introduced by Government of Telangana vide G.O. Ms.No.178. (Revenue (Commercial Taxes-II) dated 30th June, 2016
Deferred Sales Tax Loan - Government of Andhra Pradesh, Commissionerate of Industries issued to the Company Eligibility Certificate No.20/2/8/1551 dated 27th January 1999 for deferral of sales tax beyond the base sales turnover of ₹ 21 crores for a period of 14 years i.e. from 01 July, 1998 to 30 June, 2012 which would be treated as interest free loan. The Sales tax deferred for the period from 01 January, 1999 to 31 March, 2012 aggregating ₹ 4.96 crores (31 March, 2015 : ₹ 5.30 crores) has been classified as Unsecured Loan under Long Term Borrowings and current maturities classified under Note 11 Other Current Liabilities.	Deferred sales tax loan is repayable in monthly instalments for 14 years beginning from July, 2012.

Note 13 : Deferred Tax Assets And Liabilities

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

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Deferred tax assets	13.23	12.72	7.07
Deferred tax liabilities	(12.73)	(15.07)	(11.55)
Net Deferred tax Asset / (Liability)	0.50	(2.35)	(4.48)

(₹ in crores)

2017-18	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Others	Closing balance
Deferred tax (liabilities) / asset in relation to					
Property plant and equipment	(15.07)	2.34	-	-	(12.73)
Expenses allowable under tax on actual payment basis	2.23	2.01	-	-	4.24
Provision on doubtful debts	1.27	(0.07)	-	-	1.20
Defined benefit obligation - Gratuity	0.10	-	(0.24)	-	0.14
Timing difference on account of VRS	4.07	(0.57)	-	-	3.50
Other Temporary Timing Differences	3.43	1.02	-	(0.02)	4.43
Sub-Total	(3.97)	4.73	(0.24)	(0.02)	0.50
MAT Credit entitlement	1.62	-	-	(1.62)	-
Net Deferred tax Asset / (Liability)	(2.35)	4.73	(0.24)	(1.64)	0.50

(₹ in crores)

2016-17	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Others	Closing balance
Deferred tax (liabilities) / asset in relation to					
Property plant and equipment	(11.55)	(3.52)	-	-	(15.07)
Expenses allowable under tax on actual payment basis	2.31	(0.08)	-	-	2.23
Provision on doubtful debts	0.40	0.87	-	-	1.27
Defined benefit obligation - Gratuity	-	-	0.10	-	0.10
Timing difference on account of VRS	-	4.07	-	-	4.07
Other Temporary Timing Differences	3.01	0.42	-	-	3.43
Sub-Total	(5.83)	1.76	0.10	-	(3.97)
MAT Credit entitlement	1.35	0.20	-	0.07	1.62
Net Deferred tax Asset / (Liability)	(4.48)	2.96	0.10	0.07	(2.35)

Note 14 : Current Tax Assets and Liabilities

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Current Tax Assets			
Advance payment of Tax and Tax Deducted at Source	111.37	92.01	82.45
Advance Fringe benefits tax	0.05	0.05	0.05
Total	111.42	92.06	82.50
Current Tax Liabilities			
Income Tax payable	(113.29)	(91.05)	(81.25)
Total	(113.29)	(91.05)	(81.25)
Tax Assets	(1.87)	1.01	1.25

Note 15 : Trade Payables

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Dues to Micro Small and Medium Enterprise Vendors (Refer note No. 37)	5.11	4.44	1.46
Others	101.15	80.11	68.98
Total	106.26	84.55	70.44

Note 16 : Other Financial Liabilities

(₹ in crores)

Particulars	Non-current			Current		
	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Current maturities of long-term debt	-	-	-	-	-	7.43
Interest accrued but not due on borrowings	-	-	-	0.01	0.02	0.45
Unpaid dividends	-	-	-	0.21	0.17	0.12
Deposits C & F Agents	0.05	0.04	0.04	-	-	-
Other payable	-	0.29	0.27	0.00	0.00	0.00
Total	0.05	0.33	0.31	0.22	0.19	8.00

Note 17 : Provisions

(₹ in crores)

Particulars	Non-current			Current		
	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Provision for Warranty (Refer note 17(a) below)						
Balance at the beginning of the year	-	-	-	1.45	0.87	0.31
Additions / Transfers	-	-	-	-	1.00	0.80
Amounts used / Transfers	-	-	-	-	(0.42)	(0.12)
Unused amounts reversed	-	-	-	(0.20)	-	(0.12)
Balance as at the end of the year	-	-	-	1.25	1.45	0.87
Provision for Employee benefits						
Provision for defined benefit plan	-	-	-	0.28	1.36	1.93
Provision for compensated absences	2.80	2.96	2.97	1.52	1.18	1.40
Others	-	-	-	5.23	-	-
Sub-Total	2.80	2.96	2.97	7.03	2.54	3.33
Total	2.80	2.96	2.97	8.28	3.99	4.20

Note 17(a):

Provision for warranty and other probable tax demands are recognised net of reimbursements, the same is expected to be settled / adjusted within one year from the reporting date

Note 18 : Other Liabilities

(₹ in crores)

Particulars	Non-current			Current		
	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Government grant (Refer note no. 18(i))	0.22	0.45	-	0.24	0.24	-
Advances and Deposits from Customers / Others	-	-	-	0.69	0.63	0.27
Payable for capital purchases	-	-	-	1.11	3.86	0.98
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	-	-	-	0.74	5.04	4.50
Others	-	-	-	0.08	0.40	0.32
Total	0.22	0.45	-	2.86	10.17	6.07

Note 18(i):

The deferred revenue arises as a result of the benefit received from EPCG on account of purchase of capital goods. The revenue was offset against the depreciation costs incurred in 2017-18, ₹ 0.23 crores (2016-17 ₹ 0.02 crores).

NOTE 19 : Revenue from Operations

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Sales of Products	518.99	553.36
(b) Rebates	(23.67)	(21.37)
Sub-Total	495.32	531.99
(c) Other operating revenues		
- Scrap sales	0.55	0.74
- Material sales	0.01	0.04
Total	495.88	532.77

19.1 Revenue from major products and services

The following is the Company's revenue from the continuing operations from its major products and services.

(₹ in crores)

Categories of products sold	Year ended 31 March, 2018	Year ended 31 March, 2017
Brake Linings	213.04	240.95
Disc Pads	252.05	249.27
Clutch Facings	6.96	7.81
Railway Brake Blocks	10.11	19.78
Others	13.16	14.18
Total	495.32	531.99

19.2 Consequent to introduction of Goods and Services Tax (GST) w.e.f July 2017, revenue for the year ended 31 March, 2018 is presented net of GST in compliance with Indian Accounting Standard (Ind AS) 18 - "Revenue". The revenue from operations for the year ended 31 March, 2017 are inclusive of excise duty, and hence are not comparable with the revenue from operations for the year ended 31 March, 2018 to that extent.

Note 20 : Other Income

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Interest income earned		
- On Financial assets (at amortised cost)	0.35	0.43
(b) Dividend Income - on financial assets (FVTPL)	0.11	0.12
(c) Other non-operating income (net of expenses directly attributable to such income)		
- Liabilities/ Provisions no longer required written back	2.79	0.76
Others (aggregate of items)	1.49	3.16
Total	4.74	4.47

Note 21 : Material Consumed

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Raw material and components consumed		
Opening inventory	16.17	16.95
Add: Purchases	228.59	215.82
Less: Inventory at the end of the year	19.08	16.17
Sub-Total	225.68	216.60
Freight inward	4.71	5.31
Job work expenses	5.05	4.81
Total	235.44	226.72

Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure. The consumption is inclusive of exchange rate fluctuation. Refer Note 40(g)(iii)

Note 22 : Changes in Inventories of Work in Progress and Finished Goods

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
A. Opening Stock:		
Work-in-process	4.74	3.74
Finished goods	9.97	8.62
B. Closing Stock:		
Work-in-process	3.57	4.74
Finished goods	11.03	9.97
(Increase) / Decrease in Stocks (A-B)	0.11	(2.35)

Note 23 : Employee Benefit Expenses

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Salaries, Wages and Bonus	51.64	53.12
(b) Contribution to Provident and Other Funds (Refer Note 31)	3.48	3.70
(c) Gratuity (Refer Note 31)	0.98	1.08
(d) Staff Welfare Expenses	9.25	8.69
Total	65.35	66.59

Note 24 : Finance Costs

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Interest Expense of		
Term Loans (at amortised cost)	0.02	0.21
Fixed deposits (at amortised cost)	-	0.03
Working capital Loans (at amortised cost)	0.12	0.22
Other borrowing cost	0.23	0.32
Total	0.37	0.78

Note 25 : Depreciation, Amortisation and Impairment Expense

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Depreciation on Property, plant and equipment pertaining to continuing operations (Refer Note-2)	23.39	19.40
Amortisation of Intangible assets (Refer Note 3)	0.32	0.10
Total depreciation, amortisation and impairment expense	23.71	19.50

Note 26 : Other Expenses

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Power and Fuel (Refer Note 26 (a) below)	22.73	24.44
Rent expense	0.12	0.11
Travelling and Conveyance	5.64	5.17
Repairs and Maintenance		
- Buildings	0.19	0.50
- Plant and Equipment	8.48	8.19
- Others	3.85	3.79
Insurance	1.00	0.73
Rates and Taxes, excluding taxes on income	7.96	1.23
Packing, Despatching and Freight	21.68	20.15
Commission to Selling Agents	0.92	1.45
Auditors' Remuneration (Refer note -26(b) below)	0.17	0.17
Directors' Sitting fee	0.23	0.17

Note 26 : Other Expenses

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Sales Promotion and Publicity	3.89	3.70
Plant and equipment scrapped	0.00	0.33
Professional Charges	8.36	6.96
Provision for Doubtful Advances	-	0.20
Provision for Bad Debts	(0.44)	2.48
Printing and Stationery	0.60	0.64
Consumption of stores and spares (Refer Note No. 40 (d) (ii))	6.56	6.69
Royalty & technical fees	6.07	5.17
Trade mark fees	2.52	2.58
Donation (Refer Note 36)	1.05	0.42
Excise duty (Refer Note 26(c) below)	(1.63)	0.17
Miscellaneous Expenses	5.74	6.45
Total	105.69	101.89

Note 26(a) Includes ₹ 2.28 crores, (₹ 2.05 crores for 2016-17) paid towards certain operating lease arrangement with third party vendors.

Note 26(b) Auditors' Remuneration

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Audit Fee	0.09	0.09
(b) Tax audit fee	0.02	0.02
(c) Other Services	0.06	0.06
Total	0.17	0.17

Note 26(c) represents the difference between Excise Duty on opening and closing stock of finished goods.

Note 27 : Income Tax Expense

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Current tax		
In respect of current year	23.06	9.80
In respect of prior years	0.81	(0.07)
	23.87	9.73
Deferred tax		
In respect of current year	(4.73)	(1.76)
Minimum Alternate Tax (MAT)	-	(0.20)
Deferred tax recognised in profit or loss	(4.73)	(1.96)
Total income tax expense	19.14	7.77

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Profit before tax	54.89	42.70
Income Tax expense calculated @ 34.608%	19.00	14.78
Effect of income that is exempt from taxation	0.04	(0.39)
Effect of expenses that are not deductible in determining taxable profit	1.27	-
Effect of concessions (research and development and other allowances)	(1.74)	-
Effect of tax payable in future in respect of taxable temporary differences	-	(1.96)
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	-	(0.20)
Adjustments recognised in the current year in relation to the current tax of prior years	0.81	(0.07)
Other MAT Adjustments	-	(4.39)
Income Tax expense recognised in profit or loss	19.14	7.77

The tax rate used for the 2017-18 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax law.

27.1 Income tax recognised in other comprehensive income

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(0.24)	0.10
Others	-	-
Total income tax recognised in other comprehensive income	(0.24)	0.10

NOTE 28 : Research and Development Expenditure

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
(i) Capital Expenditure	0.30	11.91
(ii) Revenue Expenses	10.99	7.64
Total	11.29	19.55

All the above items were included in the respective heads of expenditure disclosed under "Other expenses" (Note-26)

NOTE 29 : Earnings Per Share

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
A) Basic Earnings per share		
Profit for the year (A)	35.75	34.93
Weighted average no of shares outstanding (B)	0.79	0.79
Total basic earnings per share (A/B)	45.17	44.13
B) Diluted Earnings per share		
Profit for the year (A)	35.75	34.93
Weighted average no of shares outstanding (B)	0.79	0.79
Total diluted earnings per share (A/B)	45.17	44.13

Note 30 : Segment Reporting

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

30.1 Product wise break up - Please refer note no. 20.1**30.2 Geographical Information**

(₹ in crores)

Particulars	Revenue from external customers			Non - current assets**		
	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
India	473.70	509.84	423.07	118.76	122.60	106.18
Rest of World	22.18	22.93	25.84	-	-	-
Total	495.88	532.77	448.92	118.76	122.60	106.18

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

30.3 Information about major customers

Revenue from sale of Products to largest customers (greater than 10% of total sales) is ₹ 172.07 crores (31 March, 2017 : ₹ 224.30 crores)

NOTE 31 : 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 and pension

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

The contributions, as specified under the law, are made to Employee Provident Fund Organisation.

(b) Superannuation fund

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

The Company contributes up to 15% of the eligible employees' salary to Superannuation Fund administered by Life Insurance Corporation of India (LIC). Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The total expense recognised in profit or loss of ₹ 3.21 crores (for the year ended 31 March, 2017: ₹ 3.46 crores) represents contributions payable to these plans by the company at rates specified in the rules of the plans. As at 31 March, 2018, contributions of ₹ 0.33 crores (as at 31 March, 2017: ₹ 0.53 crores) due in respect to 2017-18 (2016-17) 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 operated by the Company are as below:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of 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 Fund administered by Life Insurance Corporation of India (LIC). The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

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

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

C. Details of defined benefit obligation and plan assets:

Leave obligations

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

The amount of provision of ₹ 1.54 crores (31 March, 2017 - ₹ 1.49 crores, 01 April, 2016 - ₹ 1.98 crores) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

Principal Actuarial Assumptions at Balance Sheet date	2017-18	2016-17	2015-16
Discount rate	7.72%	7.20%	8.00%
Expected rate of salary increase			
- Executives and Staff	8.00%	8.00%	8.00%
- Operators	8.00%	8.00%	8.00%
Attrition rate			
- Executives and Staff	3.00%	3.00%	4.00%
- Operators	1.00%	1.00%	1.00%

Gratuity**(i) Movements in the present value of the defined benefit obligation (PVO) are as follows.** (₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Opening defined benefit obligation	12.56	14.36
Current Service Cost	0.94	1.00
Interest cost	0.87	0.98
Remeasurement (gains) / losses :		
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	(0.89)	0.42
Actuarial gains and losses arising from experience adjustments	-	-
Past service cost, including losses / (gains) on curtailments	-	-
Benefits paid	(1.00)	(4.20)
Closing defined benefit obligation	12.48	12.56

(ii) Movements in the fair value of the plan assets (₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Opening fair value of plan assets	11.22	12.43
Interest income	-	-
Remeasurement gain (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	0.63	1.04
Contributions from the Employer	1.36	1.95
Benefits paid	(1.00)	(4.20)
Closing fair value of plan assets	12.21	11.22

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

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Present value of funded defined benefit obligation	12.48	12.56	14.36
Fair value of plan assets	12.21	11.22	12.43
Funded status	0.27	1.34	1.93
Restrictions on asset recognised	-	-	-
Others	-	-	-
Net liability arising from defined benefit obligation	0.27	1.34	1.93

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

Particulars	(₹ in crores)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Service Cost :		
Current Service cost	0.94	1.00
Past service cost and (gain) / loss from settlements	-	-
Net interest Expense	0.04	0.08
Components of defined benefit costs recognised in profit or loss	0.98	1.08

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

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

(v) Risk Exposure

The Company has invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

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

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

Particulars	Valuation as at		
	31 March, 2018	31 March, 2017	01 April, 2016
Discount Rate(s)	7.72%	7.20%	8.00%
Expected Rate(s) of salary increase			
Executives and Staff	8.00%	8.00%	8.00%
Operators	8.00%	8.00%	6.00%
Attrition Rate			
Executives and Staff	3.00%	3.00%	8.00%
Operators	1.00%	1.00%	3.00%

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

Sensitivity Analysis

Change in assumption	31 March, 2018	31 March, 2017	01 April, 2016
A. Discount Rate + 50 BP	8.22%	7.70%	8.50%
Defined Benefit Obligation [PVO]	11.81	11.86	13.61
Current Service Cost	0.84	0.87	0.94
B. Discount Rate - 50 BP	7.22%	6.70%	7.50%
Defined Benefit Obligation [PVO]	13.21	13.34	15.18
Current Service Cost	0.96	1.00	1.07
C. Salary Escalation Rate +50 BP	8.50%	8.50%	8.50%
Defined Benefit Obligation [PVO]	13.22	13.33	15.18
Current Service Cost	0.96	1.00	1.07
D. Salary Escalation Rate -50 BP	7.50%	7.50%	7.50%
Defined Benefit Obligation [PVO]	11.80	11.85	13.60
Current Service Cost	0.84	0.87	0.94

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 12.3 years (2017-12.8 years, 2016-12 years). The expected maturity analysis of undiscounted gratuity is as follows:

	31 March, 2018	31 March, 2017	01 April, 2016
Year 1	0.23	0.22	1.01
Year 2	0.63	0.99	0.29
Year 3	0.73	0.30	0.74
Year 4	0.55	0.69	0.46
Year 5	0.40	0.53	0.91
Next 5 Years	4.60	4.37	6.20

NOTE 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 primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at 31 March, 2018, the Company has only one class of equity shares and has low debt. There are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

32.2 Categories of financial instruments

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Financial assets			
Measured at fair value through profit or loss (FVTPL)			
(a) Mandatorily measured:			
- Equity investments		0.37	0.37
- Derivative instruments	-	-	1.64
- Investment in Mutual Funds (Grouped under cash and cash equivalents)	5.33		
Measured at amortised cost			
- Trade receivables	120.83	100.25	98.96
- Cash and cash equivalents	4.18	1.19	1.86
- Other bank balances	0.12	0.09	0.06
- Other financial assets (Current)	1.11	1.05	1.38
- Other financial assets (Non-Current)	12.16	12.32	9.18
Financial liabilities			
Measured at amortised cost			
- Borrowings (Long-term)	-	-	4.66
- Borrowings (Short-term)	0.12	5.99	16.83
- Trade payables	106.26	84.55	70.44
- Other Financial liabilities	0.27	0.52	8.31

Fair value hierarchy

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017	March 31, 2016	Fair value Hierarchy
- Derivative instruments (Forward contracts)	-	-	1.64	Level-1
- Investment in Mutual Funds (Grouped under cash and cash equivalents)	5.33	-	-	Level-1
- Equity investments	-	0.37	0.37	Level-3

The Company carries equity investment in TCW energy Private Limited as on the date of transition. The fair value of the same is based on price of prior transactions. The said investment has subsequently been transferred at its carrying value during the financial year 2017-18. Accordingly, disclosure of the sensitivity of fair value measurement in unobservable inputs is considered not relevant. Other than the effect of disposal as stated above, there are no other changes in the fair value of such investments.

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

32.3 Financial Risk Management

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

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

32.3.1 Market Risk

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

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

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal.

(b) Foreign Currency Risk

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising derivative contracts. The risk management objective of the company is to hedge risk of change in the foreign currency exchange rates associated with its direct & indirect transactions denominated in foreign currency. Since most of the transactions of the company are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

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

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

Currency	Liabilities at at			Assets as at		
	31 March, 2018	31 March, 2017	01 April, 2016	31 March, 2018	31 March, 2017	01 April, 2016
AUD					62,518	146
EURO	93,821	40,723	745			
GBP				36,748	73,753	46,346
JPY	7,63,37,462	11,52,85,216	33,600			
USD	2,58,031	4,61,607	71,444	6,82,856	3,94,441	4,96,118

32.3.2 Credit Risk

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

Trade receivables consist of a large number of customers, ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

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

32.3.3 Liquidity Risk

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

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

Particulars	Less than 1 Year	1-5 years	More than 5 years	Total	Carrying value
31 March, 2018					
Borrowings	0.12	-	-	0.12	0.12
Trade payables	106.26	-	-	106.26	106.26
Derivative Financial Liabilities	0.02	-	-	0.02	0.02
Other Financial Liabilities	0.22	0.05	-	0.27	0.27
Total	106.62	0.05	-	106.67	106.67
31 March, 2017					
Borrowings	5.99	-	-	5.99	5.99
Trade payables	84.55	-	-	84.55	84.55
Derivative Financial Liabilities	0.02	-	-	0.02	0.02
Other Financial Liabilities	0.19	0.33	-	0.52	0.52
Total	90.75	0.33	-	91.08	91.08
01 April, 2016					
Borrowings	16.83	4.66	-	21.49	21.49
Trade payables	70.44	-	-	70.44	70.44
Derivative Financial Liabilities	(0.01)	-	-	(0.01)	(0.01)
Other Financial Liabilities	8.00	0.31	-	8.31	8.31
Total	95.26	4.97	-	100.23	100.23

Foreign Currency Sensitivity Analysis

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

Particulars	Impact on profit or loss for the year			Impact on total equity as at the end of the reporting period		
	2017-2018	2016-2017	2015-2016	2017-2018	2016-2017	2015-2016
Financial Assets						
USD	0.01	0.13	(0.13)	0.01	0.08	(0.16)
GBP	(0.22)	0.01	0.01	(0.15)	0.00	(0.01)
AUD		0.02	0.02	-	0.01	(0.00)
Financial Liabilities						
USD	(0.08)	0.15	(0.14)	(0.05)	0.10	(0.02)
EUR	(0.04)	-	-	(0.02)	-	(0.00)
JPY	(0.00)	0.00	0.00	(0.00)	0.00	(0.00)
Total	(0.09)	(0.01)	0.04	(0.07)	(0.01)	(0.15)

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

Forward Foreign Exchange Contracts

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

Outstanding contracts	Average exchange rate		In respective Foreign currency		Notional value		Fair value assets / (liabilities) (in Rs.)	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Cash flow hedges								
Buy Currency Euro								
Less than 03 months	81.06	70.21	(1)	(40,723)	(41)	(28,59,162)	(41)	(28,34,725)
Buy Currency JPY								
Less than 03 months	62.20	59.63	(3,11,42,502)	(1,67,74,088)	(1,93,70,636)	(1,00,02,556)	(1,93,30,151)	(98,51,422)
Less than 03 months		59.64		(1,89,96,048)		(1,13,29,243)		(1,11,28,360)
Less than 03 months	62.35		(4,42,45,943)		(2,75,87,345)		(2,73,43,993)	
Less than 03 months	59.18		(8,72,017)		(5,16,060)		(5,38,907)	
Cash flow hedges								
Sell GBP								
Less than 3 months	90.76	82.72	13,502	30,664	12,25,442	25,36,526	12,51,129	25,03,486
Less than 3 months		84.61		27,990		23,68,234		22,73,348

The line-items in the balance sheet that include the above hedging instruments are "Other financial assets" and "Other financial liabilities".

Note 33 : Related Party Disclosures

(a) Names of Related Parties and nature of relationship :

List of related parties where control exists

- | | |
|---------------------|--------------------------------|
| (i) Holding company | Rane Holdings Limited (RHL) |
| (ii) Associate | Nisshinbo Holdings Inc., Japan |

Other related parties where transactions have taken place during the year

- | | |
|--|---|
| (iii) Fellow Subsidiaries | Rane Madras Limited (RML)
Rane Engine Valve Limited (REVL)
Rane Holding America Inc (RHA1)
Rane Holding Europe GmbH (RHEG) |
| (iv) Key Management Personnel | Mr. L Ganesh, Chairman
Mr. Vinay Lakshman, Managing Director |
| (v) Relative of Key Management Personnel | Mr. L Lakshman, Director
Mr. Harish Lakshman, Director
Mr. Aditya Ganesh
L Ganesh (HUF) |
| (vi) Subsidiaries, Associate or joint venture of other entities in Group | Rane NSK Steering Systems Private Limited (RNSSPL)
Rane TRW Steering Systems Private Limited (RTSSPL)
JMA Rane Marketing Limited
Nisshinbo Brake Inc., Japan
Nisshinbo Somboon Automotive Co.Ltd., Thailand
Nisshintoa Iwao Inc., Japan
Saeron Automotive Inc., Korea
Shijiazhuang TMD Friction Ltd.Co.; China
TMD Friction GmbH, Germany |
| (vii) Entities significantly influenced by Key Management Personnel | Rane Foundation (RF) |
| (viii) Post employment benefit plan of the Entity | Rane Brake Lining Limited Employees Gratuity Fund (RBLLEGF)
Rane Brake Lining Limited Senior Executives Pension Fund (RBLLEPF) |
- (b) The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company.

33 (c) Transactions / Balances

(₹ in crores)

Description	Holding Company		Associate		Fellow Subsidiary		Key Management Personnel		Relatives of Key Management Personnel		Subsidiaries, Associate or joint venture of other entities in Group		Entities significantly influenced by Key Management Personnel		Post employment benefit plan of the Entity		Total		
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
Transactions during the year																			
Trade Mark Fee	2.54	2.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.54	2.58
Professional Charges	3.95	4.01	-	-	0.15	0.12	-	-	-	-	1.86	1.39	-	-	-	-	-	5.96	5.52
Reimbursement of expenses	-	-	-	-	0.02	0.10	-	-	-	-	-	0.01	-	-	-	-	-	0.02	0.11
Commission to Chairman	-	-	-	-	-	-	1.10	0.85	-	-	-	-	-	-	-	-	-	1.10	0.85
Remuneration to Managing Director*	-	-	-	-	-	-	2.00	1.07	-	-	-	-	-	-	-	-	-	2.00	1.07
Rent Deposit to L Lakshman	-	-	-	-	-	-	-	-	0.12	0.12	-	-	-	-	-	-	-	0.12	0.12
Sale of Asset	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	-	-	0.03	-
Supply of Products	-	-	-	-	1.37	-	-	-	-	-	23.81	24.06	-	-	-	-	-	25.18	24.06
Purchase of Raw Material	-	-	-	-	-	-	-	-	-	-	27.72	28.15	-	-	-	-	-	27.72	28.15
Royalty	-	-	-	-	-	-	-	-	-	-	6.78	6.08	-	-	-	-	-	6.78	6.08
Licence Fee	-	-	-	-	-	-	-	-	-	-	4.07	-	-	-	-	-	-	4.07	-
Sitting fees paid	-	-	0.00	0.01	-	-	0.04	0.03	0.04	0.03	-	-	-	-	-	-	-	0.08	0.07
Donation - CSR	-	-	-	-	-	-	-	-	-	-	-	-	1.03	0.40	-	-	-	1.03	0.40
Post Employment Benefit Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.61	2.21	-	1.61	2.21
Fixed deposits Repaid	-	-	-	-	-	-	-	-	-	0.14	-	-	-	-	-	-	-	-	0.14
Interest on Fixed Deposits	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	0.01

Description	Fellow Subsidiary		Relatives of KMP		Subsidiaries, Associate or joint venture of other entities in Group		Post Employment Benefit Plan		Total	
	31.03.18	01.04.16	31.03.18	01.04.16	31.03.18	01.04.16	31.03.18	01.04.16	31.03.18	01.04.16
Outstanding as at	31.03.18	01.04.16	31.03.18	01.04.16	31.03.18	01.04.16	31.03.18	01.04.16	31.03.18	01.04.16
Amount Payable										
- Purchase of Raw Material	-	-	-	-	2.76	5.41	4.16	-	2.76	5.41
- Fixed Deposits	-	-	-	0.14	-	-	-	-	-	0.14
- Post Employment Benefit	-	-	-	-	-	-	0.30	1.38	0.30	1.38
Amount Receivable										
- Sale of Assets	-	-	-	-	0.03	-	-	-	0.03	-
- Supply of Products	0.50	-	-	-	5.14	5.32	3.90	-	5.64	5.32

*Remuneration to Key Management personnel

Mr Vinay Lakshman - Managing Director

(₹ in crores)

Particulars	2018		2017	
	2018	2017	2018	2017
Short term benefits paid	1.93	1.01	-	-
Other Long term benefits paid	0.00	0.00	-	-
Termination Benefits	0.07	0.06	-	-
Total	2.00	1.07	-	-

Note 34 : Commitments

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	21.16	9.75	13.58
(b) Export obligation in respect of capital goods imported on payment of concessional duty*	-	13.95	-

*As per EPCG certificate conditions average export turnover has to be maintained at ₹ 26.75 crores per year for the next 2 years.

Note 35 : Exceptional item

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Voluntary retirement scheme (Refer note-(a))	1.64	14.71

(a) Exceptional item represents the amount paid to 11 employees (31 March, 2017 - 107 employees) who opted for early retirement in terms of a voluntary scheme introduced by the Company.

Note 36 : Corporate Social responsibility

(₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Total expenditure towards corporate social responsibility	1.30	0.50
Amount required to be spent u/s 135 of the Companies Act, 2013	0.66	0.50
Excess / (Shortfall)	0.64	-

Note 37 : Dues to micro and small enterprises

Dues to Micro Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the company. This has been relied upon by the auditors. According to the records available with the Company certain amount have been identified as dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	5.11	4.44	1.46
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	2.39	13.43	4.61
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.01	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	0.04	0.02
Further interest remaining due and payable for earlier years	-	-	-

Note 38 : Contingent Liabilities**38.1 Contingent Liabilities**

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Income tax matters	7.92	5.51	6.89
Sales tax matters	2.52	5.92	2.83
Excise Duty matters	0.07	0.86	0.84
Service tax matters	1.74	1.72	1.99
Total	12.25	14.01	12.55

Note 39 : Approval of financial statements

The financial statements were approved by the Board of Directors on 13 April, 2018

Note 40. Additional information to Financial statements

(₹ in crores)

Particulars	As at 31 March, 2018	As at 31 March, 2017
a) Raw materials consumed :		
i) Asbestos	11.71	12.97
ii) Chemicals & Resins	155.55	152.83
iii) Steel Components	58.42	50.80
iv) Others	-	-
Total	225.68	216.60
b) CIF Value of imports :		
i) Raw materials	73.50	102.04
ii) Components and spare parts	-	-
iii) Capital goods	0.41	20.73
Total	73.91	122.77
c) Expenditure in foreign currency		
i) Royalty	5.89	5.17
ii) Technical and License Fees	6.84	1.49
iii) Travelling	0.19	0.07
iv) Sales Commission	0.45	0.57
v) Professional and Consultancy Charges	0.49	0.57
vi) Others	0.18	0.18
Total	14.04	8.05

d) Value of imported and indigenous raw materials, components and spares consumed and percentage of each to the total consumption: (₹ in crores)

Particulars	Year ended			
	31 March, 2018		31 March, 2017	
	Value	Percentage	Value	Percentage
i) Raw Materials				
a) Imported	103.12	44%	102.42	46%
b) Indigenous	122.56	53%	114.18	51%
ii) Stores and Spare Parts				
a) Imported	-	-	-	-
b) Indigenous	6.56	3%	6.69	3%
Total	232.24	100%	223.29	100%

e) Amount remitted in foreign currencies towards dividends during the year:

Particulars	31 March, 2018			31 March, 2017		
	No. of Non-resident shareholders	No. of equity shares held	Dividend remitted (₹ in crores)	No. of Non-resident shareholders	No. of equity shares held	Dividend remitted (₹ in crores)
Interim Dividend paid during the year	1	15,95,249	1.04	1	15,95,249	0.96
Final Dividend paid during the year	1	15,95,249	1.44	1	15,95,249	-

f) Earnings in foreign currency (₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
FOB Value of exports	22.43	24.77
Total	22.43	24.77

g) Other Financial information (₹ in crores)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
i. Outstanding Letter of Credit	0.03	1.31
ii. Guarantees excluding financial guarantees	1.00	2.45
iii. Net exchange difference debited to Profit and Loss Statement	0.27	0.66

Note 41 : First-time Ind AS adoption reconciliations

The company has prepared the opening balance sheet as per Ind AS as of 01 April 2016 (the transition date) by recognising, de-recognising, re-classifying and re-measuring all assets and liabilities in accordance with the requirements of Ind AS. However, this principle is subject to certain mandatory exceptions and optional exemptions availed by the company as detailed below:

41.1 Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as of 01 April, 2016 (transition date) measured as per the previous GAAP as its deemed cost as of the transition date.

41.2 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the

date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

41.3 Government Grants

The Company has applied Ind AS 109 'Financial Instruments' and Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' prospectively to government loans existing at the date of transition and the Company has not recognised the corresponding benefit of the government loans at the below-market rate of interest as a government grant. Consequently, the Company has used the previous GAAP carrying amounts of the government loans at the date of transition as the carrying amount of these loans in the opening Ind AS Balance Sheet.

41.4 Effect of Ind AS adoption on the balance sheet as at 31 March, 2017 and 01 April, 2016

(₹ in crores)

Particulars	Notes	As at 31 March, 2017 (End of last period presented under previous GAAP)			As at 01 April, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-Current Assets							
Property, plant and equipment	a	119.99	0.70	120.69	104.14	-	104.14
Capital work-in-progress		0.42	-	0.42	1.84	-	1.84
Other intangible assets		0.13	-	0.13	0.18	-	0.18
Financial Assets							
(i) Investments		0.37	-	0.37	0.37	-	0.37
(ii) Loans	b,g	-	-	-	-	-	-
(iii) Other financial assets	b	12.32	-	12.32	9.18	-	9.18
(iv) Tax assets (Net)	b	1.01	-	1.01	1.25	-	1.25
Deferred tax assets (Net)		-	-	-	-	-	-
Other non-current assets	b	1.36	-	1.36	0.02	-	0.02
Total Non-Current Assets		135.60	0.70	136.30	116.98	-	116.98
Current Assets							
Inventories		35.52	-	35.52	30.92	-	30.92
Financial Assets							
(i) Investments		-	-	-	-	-	-
(ii) Trade receivables	c	100.35	(0.10)	100.25	99.44	(0.48)	98.96
(iii) Cash and cash equivalents	d	1.19	-	1.19	1.86	-	1.86
(iv) Bank balances other than (iii) above	d	0.09	-	0.09	0.06	-	0.06
(v) Loans	b	-	-	-	-	-	-
(vi) Other financial assets	b,f	1.05	-	1.05	1.38	1.64	3.02
Other current assets	b	3.35	-	3.35	3.90	-	3.90
Total Current Assets		141.55	(0.10)	141.45	137.56	1.16	138.72
Total Assets		277.15	0.60	277.75	254.54	1.16	255.70

Particulars	Notes	As at 31 March, 2017 (End of last period presented under previous GAAP)			As at 01 April, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Equity							
Equity share capital		7.91	-	7.91	7.91	-	7.91
Other equity	c,e,f	159.02	(0.16)	158.86	130.02	(0.19)	129.83
Total Equity (Shareholders' funds under previous GAAP)		166.93	(0.16)	166.77	137.93	(0.19)	137.74
Non-Current Liabilities							
Financial Liabilities							
(i) Borrowings			-		4.66	-	4.66
(ii) Trade payables			-				
(ii) Other financial liabilities	e	0.33	-	0.33	0.40	(0.09)	0.31
Provisions	b	2.96	-	2.96	2.97	-	2.97
Deferred tax liabilities (Net)	c,g	2.28	0.07	2.35	4.65	(0.17)	4.48
Other non-current liabilities	a,b,e		0.45	0.45		-	-
Total Non-Current Liabilities		5.57	0.52	6.09	12.68	(0.26)	12.42
Current Liabilities							
Financial Liabilities							
(i) Borrowings		5.99	-	5.99	16.83	-	16.83
(ii) Trade payables		84.55	-	84.55	70.44	-	70.44
(iii) Other financial liabilities	b,f	0.19	-	0.19	6.39	1.61	8.00
Provisions	b	3.99	-	3.99	4.20	-	4.20
Current tax liabilities (Net)	b	-	-	-	-	-	-
Other current liabilities	b	9.93	0.24	10.17	6.07	-	6.07
Total Current Liabilities		104.65	0.24	104.89	103.93	1.61	105.54
Total Liabilities		110.22	0.76	110.98	116.61	1.35	117.96
Total Equity and Liabilities		277.15	0.60	277.75	254.54	1.16	255.70

41.5 Reconciliation of total equity as at 31 March, 2017 and 01 April, 2016

(₹ in crores)

Particulars	Notes	As at 31 March, 2017 (End of last period presented under previous GAAP)	As at 01 April, 2016 (Date of Transition)
Total equity (shareholders' funds) under previous GAAP		166.93	137.93
Impairment of receivables under Ind AS	c	(0.38)	(0.48)
Deferred tax on Impairment of trade receivables	c	0.13	0.17
Recognition of Grant income arising from EPCG benefit (Net of increase in depreciation)	a	0.02	
Net gain on reinstatement of ECB Loan and recognition of MTM	f		0.03
Impact on account of measurement of financial liabilities at amortised cost	e	0.07	0.09
Total adjustment to equity		(0.16)	(0.19)
Total equity under Ind AS		166.77	137.74

41.6 Effect of Ind AS adoption on the statement of profit and loss for the year ended 31 March, 2017

(₹ in crores)

Particulars	Notes	Year ended 31 March, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from operations	h	487.48	45.29	532.77
Other income	a	4.48	(0.01)	4.47
Total Income (A)		491.96	45.28	537.24
Expenses				
Cost of materials consumed		226.72	-	226.72
Purchases of stock-in-trade		0.04	-	0.04
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(2.35)	-	(2.35)
Excise duty on sale of goods	h		66.66	66.66
Employee benefits expense	i	66.87	(0.28)	66.59
Finance costs	e	0.76	0.02	0.78
Depreciation and amortisation expense	a	19.50	-	19.50
Other expenses	c,h	123.35	(21.46)	101.89
Total Expenses (B)		434.89	44.94	479.83
Profit Before Tax (A-B)		57.07	0.34	57.41
Exceptional items		14.71	-	14.71
Tax expense				
(1) Current tax		9.73	-	9.73
(2) Deferred tax	c,i	(2.09)	0.13	(1.96)
Profit for the period		34.72	0.21	34.93
Other Comprehensive Income (OCI)				
A (i) Items that will not be reclassified to profit or loss				
a) Remeasurements of the defined benefit plans	i	-	(0.28)	(0.28)
b) Income tax relating to items that will not be reclassified to profit or loss	i	-	0.10	0.10
Total			(0.18)	(0.18)
Total other comprehensive income [A (i-ii)+ B (i-ii)]		-	(0.18)	(0.18)
Total comprehensive income for the period		34.72	0.03	34.75

41.7 Reconciliation of total comprehensive income for the year ended 31 March, 2017

(₹ in crores)

Particulars	Notes	Year ended 31 March, 2017 (Latest period presented under previous GAAP)
Profit as per previous GAAP (A)		34.72
Adjustments :		
Actuarial (Gain) / Loss on Employee defined benefit plans reclassified in Other Comprehensive Income (Net of Tax)	i	0.18
(Increase) / Decrease in provisioning of receivables (Net of Tax)	c	0.07
Impact of measurement of financial liabilities at amortised cost	e	(0.02)
Recognition of Grant income arising from EPCG benefit (Net of increase in depreciation)	a	0.01
Net gain on reinstatement of ECB loan and recognition of MTM	f	(0.03)
Total effect of transition to Ind AS (B)		0.21
Profit for the year as per Ind AS (A-B)		34.93
Other comprehensive income for the year (net of tax)	i	0.18
Total comprehensive income under Ind AS		34.75

- (a) Under the previous GAAP, Export promotion capital goods (EPCG) benefit received was netted off with the value of related property, plant & equipment (PPE). Under Ind AS, the value of PPE has been grossed up and the EPCG benefit is treated as grant and recognised by way of setting up as deferred income.

As a result of this change, carrying value of property, plant and equipment as on 31st March, 2017 is higher by ₹ 0.71 crores and depreciation for the year 2016-17 is higher by ₹ 0.00 crores (figure is below the rounding off norm adopted by the company). Further, grant income recognised in the Statement of Profit and Loss during the year 2016-17 is ₹ 0.02 crores and deferred government grant as at the end of the year is ₹ 0.69 crores.

The above transition has resulted in an increase in equity by ₹ 0.02 crores as at 31 March, 2017.

- (b) Reclassification of Loans and Advances and other current / non-current assets/liabilities presented under previous GAAP to Financial assets, Financial liabilities and current tax asset / Liability (Net) as per Ind AS requirements.
- (c) Under previous GAAP, provision for bad and doubtful debts was recognised as per the internal policy of the Company based on ageing of Trade Receivables. Under Ind AS, the impairment loss allowance on account of Trade receivables is created based on a provision matrix computed under the Expected credit loss method.

As a result of the above change, net carrying value of Trade Receivables as at the transition date and March 31, 2017 is lower by ₹ 0.48 crores and ₹ 0.38 crores respectively with corresponding decrease in the opening balance of retained earnings (as at the transition date) by ₹ 0.31 crores (net of deferred tax impact of ₹ 0.17 crores) and increase in the profit for the year 2016-17 by ₹ 0.07 crores (net of deferred tax impact of ₹ 0.03 crores).

The above transition has also resulted in an increase in equity by ₹ 0.31 crores as at the transition date and by ₹ 0.24 crores as at 31 March, 2017.

- (d) Reclassification of other bank balances as required under Ind AS
- (e) Under previous GAAP, liabilities were recorded at their transaction value. Under Ind AS, financial liabilities are initially measured at fair value and subsequently measured at amortised cost. As a result of the above, carrying value of certain financial liabilities as on the transition date is lower by ₹ 0.09 crores with corresponding increase in the opening balance of retained earnings as on the said date. Further, profit for the year 2016-17 is lower by ₹ 0.02 crores on account of recognition of finance cost on such liabilities.

The above transition has also resulted in an increase in equity by ₹ 0.09 crores as at transition date and by ₹ 0.07 crores as at 31 March, 2017.

- (f) Under Previous GAAP, foreign currency loans in respect of which the rupee equivalent (including interest) has been firmly fixed by way of derivative contracts were not being reinstated since there is no impact in the Statement of Profit & Loss arising out of exchange fluctuations during the loan tenure. Under Ind AS, such loans are measured at exchange rate as on the reporting date. The Marked to Market position on the corresponding derivatives are also recognised as an asset/liability on the reporting date.

As a result of this change, borrowings is higher by ₹ 1.61 crores and other financial assets (on account of recognition of Asset on MTM position as above) is higher by ₹ 1.64 crores as at the transition date. The net difference of ₹ 0.03 crores has been reflected in the opening balance of retained earnings (as at the transition date)

- (g) Under previous GAAP, minimum alternate tax entitlements were classified under other non-current assets. Under Ind AS, the same is classified as unused tax credits under deferred tax. The movement in MAT Credit entitlement also forms part of deferred tax expense in the Statement of Profit and loss.
- (h) Under previous GAAP, cash discounts and rebates passed on to customers were recorded in other expenses under the head selling expenses. Under Ind AS, these are reflected as adjustments to revenue for sale of products. Under previous GAAP, excise duty on sale of goods was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence, disclosed separately as an expense in the statement of profit and loss. As a result of the above changes, revenue from sale of products has increased by ₹ 45.29 crores with corresponding increase in excise duty by ₹ 66.66 crores and decrease in other expenses by ₹ 21.37 crores in the Statement of Profit and Loss for the year ended March 31, 2017.
- (i) Under Previous GAAP, actuarial gains / losses arising out of remeasurement of defined benefit obligation were recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such re-measurement of gains / losses are recognised in OCI. Consequently, the tax effect of the same has also been recognised in OCI. The above change has resulted in increase in employee benefits expense and loss in OCI by ₹ 0.28 crores for year ended March 31, 2017; net tax effect thereon is ₹ 0.10 crores.
- (j) There are no changes to the cash flows from operating, financing and investing activities as reported in the cash flow statement for the year ended March 31, 2017 drawn up under the previous GAAP on account of transition to Ind AS, other than arising due to reclassification of the previous year figures to conform to the current year's layout.

42. The figures for the previous year have been regrouped wherever necessary to conform to current year's classification. Figures have also been rounded off to crores of rupees.

For **VARMA & VARMA**
Chartered Accountants
Firm Registration Number : 004532S

Signature to Notes 1 to 42
For and on behalf of the Board

P R PRASANNA VARMA
Partner
(Membership No. 025854)

L GANESH
Chairman
DIN:00012583

VINAY LAKSHMAN
Managing Director
DIN:07295820

Chennai
13 April, 2018

M A P SRIDHAR KUMAR
Chief Financial Officer

VENKATRAMAN
Secretary

PARTICULARS OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES FOR THE YEAR 2017-18

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

1. Remuneration paid to Directors and Key Managerial Personnel

Name	Designation	Remuneration FY 2017-18 (₹ in crores)	% increase / (decrease) of remuneration FY 2017-18	Ratio of remuneration of each director to median remuneration of employees
Mr. L Ganesh	Non-Executive Chairman	1.10	30%	26
Key Managerial Personnel				
Mr. Vinay Lakshman	Managing Director	2.00	88%	45
Mr. M A P Sridhar Kumar	Chief Financial Officer	0.45	8%	Not Applicable
Mr. Venkatraman	Company Secretary (Refer Note iii)	0.13	21%	

Note:

- (i) None of the other directors receive any remuneration from the Company except sitting fees for attending meeting of the Board / Committee(s) thereof.
 - (ii) Remuneration considered based on annual emoluments and designation as on date.
 - (iii) Remuneration of Secretary is part of the secretarial services availed by the Company from Rane Holdings Limited.
2. Median remuneration of the employees of the Company for FY 2017-18 is ₹ 0.04 crores. Increase in median remuneration during the year : 11%
 3. Number of permanent employees on the rolls of the Company as on 31 March, 2018 was 766 as against 755 as on 31 March, 2017.
 4. Average percentile increase already made in salary of employees other than the managerial personnel in last financial year : 11% as against an percentile increase in managerial remuneration : 88%. The increase in managerial remuneration is in line with present industry standards.
 5. It is hereby affirmed that the remuneration paid is in accordance with the remuneration policy.

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

i. Top ten employees in terms of remuneration drawn:

Name	Designation	Remuneration (₹ in crores)	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	Last employment held	Percentage of equity shares held by the employee in the company	Whether any such employee is a relative of any director or manager (if so, name of director / manager)
Vinay Lakshman	Managing Director	2.00	Permanent	B.Com; Master's Degree in Accounting & Financial Management from DeVry University, Chicago, USA	01-Oct-15	41	Sr.Vice President- Commercial Rane Brake Lining Ltd	50 shares (0.00%)	Son of L Lakshman & Brother of Harish Lakshman
Bheemsingh Melchisedec D	Senior Vice President - Operations & Strategy	0.65	Permanent	MSc; MBA	14-Nov-05	51	Plant Head-TI Cycles-Nasik Plant, Tube Investments of India Ltd.	-	-

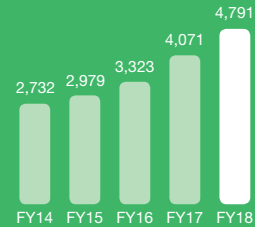
Name	Designation	Remuneration (₹ in crores)	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	Last employment held	Percentage of equity shares held by the employee in the company	Whether any such employee is a relative of any director or manager (if so, name of director / manager)
Sridharkumar M A P	Vice President -Finance & CFO	0.45	Permanent	B.Com; ACA	10-Feb-97	50	Manager- Finance- Classic Bio-tech & Exports Ltd	-	-
Venkat Raj S R	General Manager- Marketing	0.43	Permanent	B.E; MBA	26-May-14	49	General Manager- Sales & Marketing, TI Metal Forming, Division of Tube Investments of India Ltd	-	-
Viswanathan N	Deputy General Manager- Techno Marketing	0.32	Permanent	B.Tech; M.Tech.	02-May-14	44	Senior Manager- R&D, Mahindra & Mahindra Ltd	-	-
Bhargav S	General Manager - Operations	0.32	Permanent	BE,MS, EGMP (IIMB)	02-Sep-02	40	Engineer – Brakes India Ltd	-	-
Gunapandian DF	General Manager - Operations	0.32	Permanent	BS, MS	23-Jun-14	41	Senior Manager- Operations, Harita Fehrer Ltd	-	-
R Govardhanan	General Manager - Human Resource	0.29	Permanent	B.Sc., BL, MA, MBA	14-Aug-14	49	Senior Manager – Human Resources, BMW India Pvt Ltd	-	-
Ganeshkumar K	Senior Manager– Techno Marketing	0.28	Permanent	B.Tech., M.Tech. PGDM	28-Dec-15	38	Senior Manager – KAM – Passenger Car, Wheels India Limited	-	-
Balaji Srinevasan	General Manager– Research & Development	0.28	Permanent	BE, MBA, M.Tech	09-Feb-17	42	General Manager – R&D – Brakes India Private Limited	-	-

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

Our Parentage

Rane Holdings Limited

Founded in 1929, Rane Holdings Limited (RHL) through its group companies is engaged in the manufacturing and marketing of automotive components for the transportation industry. The Group is perceived as the most preferred Original Equipment vendor by auto majors – both domestically as well as in the International market. Our products cater to a broad spectrum of automobile industry including passenger cars (PC), light commercial vehicles (LCV), medium and heavy commercial vehicles (MHCV), two-wheelers, three-wheelers, multi-utility vehicles (MUV) and farm tractors. With presence across 23 locations India and one in the USA, Rane Holdings is a multi-faceted and highly respected Auto Component supplier.



TOTAL INCOME (*)
(₹ in Crore)

(*) Total Income are net of excise duty



Subsidiaries

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

Rane Engine Valve Limited

Rane Brake Lining Limited

Rane t4u Private Limited

Rane Holdings America Inc., USA

Rane Holdings Europe GmbH, Germany

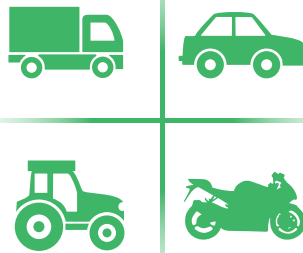
Joint Ventures

Rane TRW Steering Systems Private Limited

Rane NSK Steering Systems Private Limited

JMA Rane Marketing Limited





Expanding Horizons

Rane Brake Lining Limited

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