



Rane Engine Valve Limited

48th Annual Report 2019-20

Company Overview

Financial Highlights 2
 From the Desk of the Chairman 3
 Corporate Information 4

Notice to Members 5

Management Reports

Report of the Board of Directors..... 14
 Management Discussion and Analysis..... 20
 Corporate Governance Report 31

Financial Statements

Balance Sheet..... 58
 Statement of Profit and Loss..... 59
 Cash Flow Statement..... 60
 Statement of Changes in Equity 62
 Notes to the Financial Statements 63

FINANCIAL HIGHLIGHTS

KEY PERFORMANCE HIGHLIGHTS

(₹ in Crores)

| FINANCIAL YEAR | FY 20 | FY 19 | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 | FY 12 | FY 11 |
|------------------------|---------|---------|---------|--------|---------|--------|---------|---------|--------|--------|
| Total Income * | 358.15 | 424.86 | 377.01 | 357.63 | 352.55 | 399.23 | 266.95 | 266.25 | 309.19 | 289.70 |
| EBITDA | 13.31 | 19.92 | 15.46 | 115.24 | 24.10 | 78.30 | (8.38) | 11.75 | 55.13 | 39.66 |
| PBT | (25.29) | (20.49) | (21.13) | 77.57 | (17.66) | 31.46 | (43.56) | (18.92) | 28.72 | 16.12 |
| PAT | (16.34) | (13.57) | (17.06) | 57.69 | (12.54) | 23.48 | (29.09) | (12.61) | 20.77 | 10.80 |
| Earnings Per Share (₹) | (24.31) | (20.20) | (25.40) | 85.86 | (18.67) | 34.94 | (56.48) | (24.47) | 40.32 | 20.97 |
| ROCE (%) | (6.01) | (4.17) | (5.50) | 35.30 | (1.34) | 21.12 | (14.03) | (4.45) | 18.03 | 12.46 |
| RONW (%) | (13.71) | (10.12) | (11.33) | 43.86 | (11.48) | 26.32 | (37.56) | (12.83) | 21.33 | 12.54 |

BALANCE SHEET HIGHLIGHTS**

(₹ in Crores)

| FINANCIAL YEAR | FY 20 | FY 19 | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 | FY 12 | FY 11 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Equity Share Capital | 6.72 | 6.72 | 6.72 | 6.72 | 6.72 | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 |
| Shareholders' funds | 111.00 | 127.31 | 140.98 | 160.05 | 102.95 | 115.52 | 62.91 | 92.00 | 104.61 | 90.12 |
| Non current Liabilities | 47.93 | 49.35 | 44.30 | 36.59 | 68.67 | 68.88 | 80.51 | 66.45 | 56.27 | 55.89 |
| Current Liabilities | 143.59 | 166.42 | 135.09 | 109.68 | 137.90 | 158.45 | 106.35 | 92.63 | 101.66 | 88.00 |
| Non current assets | 149.52 | 161.89 | 160.88 | 164.07 | 186.44 | 195.66 | 168.86 | 167.04 | 159.50 | 141.98 |
| Current assets | 153.00 | 181.19 | 159.49 | 142.25 | 123.07 | 147.19 | 80.91 | 84.04 | 103.04 | 92.03 |

* Total Income are net of excise duty

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

Note :

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

FROM THE DESK OF THE CHAIRMAN

Dear Stakeholders,

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

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

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

REVL continued to improve productivity and quality during the year despite drop in capacity utilization. REVL continued the good performance on customer quality, pursued proactive R&D engagements to align technology development and won new businesses. Total Quality Management (TQM) principles continued to rule as a basic mantra and enhanced 'Business Excellence Model' helping the company become a Great Place To Work Certified Company and win several accolades.

REVL's sales declined 15.7% due to drop in domestic and export volumes. EBITDA declined 33.2% due to steep drop in volume. Engine Valve business has some high fixed costs due to legacy. While in last few years actions have been taken to correct this, such a drop in volumes could not be remedied in the short run. This was partially mitigated by operational performance improvement and favourable raw material price.

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

The Covid-19 pandemic has significantly affected the business and disrupted the turnaround efforts. An excellent, dedicated and professional team of employees continue to drive forward the Company's efforts on winning new orders and improving the operational performance and examining options to expedite the improvement. I appreciate your patience and faith in us.

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

Yours Sincerely,

L Ganesh
Chairman

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

Stakeholders' Relationship Committee

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

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

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

President & Manager

Mr. Murali K Rajagopalan

Vice President - Finance & Chief Financial Officer

Mr. V K Vijayaraghavan

Secretary

Mr. Kalidoss S

Listing of Shares on

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

Statutory Auditors

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

Secretarial Auditors

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

Cost Auditors

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

Bankers

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

Registered Office

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

Head office

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

Plants

1. Post Box No. 4, Redhills
 Road, Madhavaram,
 Ponneri - 601 204, Tamilnadu.
2. Plot No. 68 to 77, Industrial Estate,
 Medchal - 501 401,
 R. R. District, Telangana
3. Survey No.177/20,
 Hyderabad- Vikarabad Road,
 Aziz Nagar - 500 075,
 R. R. District, Telangana
4. Survey Nos. 109, 111 & 121,
 Seniapatti, Kasavanur Village,
 Viralimalai Union - 621 316,
 Pudukottai District, Tamilnadu.
5. Plot No. 36B & 37, Hirehalli
 Industrial Area - 572 168
 Tumakuru, Karnataka

Registrar and Transfer Agent

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

NOTICE TO MEMBERS

NOTICE is hereby given that the Forty Eighth (48th) Annual General Meeting of Rane Engine Valve Limited will be held on August 6, 2020 at 15.00 hrs IST through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

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

To consider passing the following resolution as an ordinary resolution:

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

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

To consider passing the following resolution as an ordinary resolution:

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

SPECIAL BUSINESS:

3. To approve appointment and remuneration of Mr. Murali K Rajagopalan, as Manager

To consider passing the following resolution as a special resolution:

"Resolved that in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of Companies Act, 2013 (the "Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (SEBI LODR) (including any statutory modification(s) or re-enactment thereof for the time being in force) approval be and is hereby accorded for the appointment of Mr. Murali K Rajagopalan, President, as 'Manager' within the meaning of Section 2(53) of the Act, for a period of five years with effect from April 01, 2020 to March 31, 2025 on the following terms :

- (i) Salary

₹4,19,200/- per month. Annual increase will be effective 1st April every year. The quantum of increase will be as decided by the Board of Directors, from time to time.

- (ii) Perquisites

Perquisites like House Rent allowance, superannuation allowance, fee to clubs, personal accident insurance, use of chauffeur driven car/s, telephone at residence, medical insurance for self and family, medical allowance, leave & leave encashment, leave travel concession, education allowance, special allowance etc., will be provided in accordance with the policy of the Company as applicable to Key Managerial Personnel and Senior Management Personnel of the Company. The perquisites will be evaluated as per Income tax Rules, wherever applicable and at actual cost to the Company in other cases. The above perquisites are however, subject to a maximum of 150% of the salary per annum.

- (iii) Contribution to Funds

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

- (iv) Incentive remuneration

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

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

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

4. To ratify remuneration of Cost Auditor for FY 2019-20

To consider passing the following resolution as an ordinary resolution:

“Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹2,25,000/- (Rupees Two Lakh and Twenty Five Thousand Only) excluding applicable taxes, reimbursement of the travelling and other out of pocket expenses paid to M/s. Jayaram & Associates, Cost Accountants, represented by Mr. R Jayaraman (Membership No. 26103), who were appointed as the Cost Auditors of the Company by the Board of Directors, to conduct audit of the cost records of the Company for the financial year ended 2019-20 be and is hereby ratified and confirmed.

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

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

Chennai
June 19, 2020

Kalidoss S
Secretary

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

NOTES:

- In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM, without the physical presence of the members at a common venue. The Company has engaged Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means i.e., remote e-voting and voting on the date of the AGM.
- In terms of Section 102 of the Companies Act, 2013 and Secretarial Standard on General Meetings (SS-2), an explanatory statement setting out the material facts concerning special business to be transacted at the AGM is annexed and forms part of this Notice.
- Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. **However, since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
- Corporate members intending to represent through their authorised representatives in the AGM through VC/ OAVM and to vote through remote e-voting or voting at the AGM are requested to send to the Company a certified copy of the board resolution authorising their representative to the designated email address of the Company i.e., investorservices@ranegroup.com and to CDSL i.e. helpdesk.evoting@cdslindia.com.
- The cut-off date for the purpose of determining eligibility of members for voting in connection with the Forty Eighth AGM has been fixed as **Thursday, July 30, 2020**.
- Pursuant to the relevant provisions of the Companies Act, 2013, dividend, which remained unclaimed/unpaid for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such dividend are also liable to be transferred to the demat account of the IEPF Authority.
- Members may also note that the notice of the Forty Eighth AGM and the Annual Report 2020 will be available in the Investors Section on the Company's website www.ranegroup.com and on the website of CDSL i.e. www.evotingindia.com.
- Listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the shareholders, in terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Accordingly, shareholders holding securities in demat mode are requested to update their bank details with their depository participants. Shareholders holding securities in physical form are requested to update bank account details by furnishing requisite documents with the RTA of the Company.

9. Members holding shares in dematerialized form are requested to notify any change in their addresses, bank details or e-mail address with their respective DP and those holding shares in physical form are requested to notify the RTA at the following address:
- M/s. Integrated Registry
Management Services Private Limited**
SEBI Registration No. INR000000544
2nd Floor, "Kences Towers", No.1, Ramakrishna Street,
North Usman Road, T Nagar, Chennai - 600 017
e-mail ID: corpseerv@integratedindia.in
Phone: 044 2814 0801-803;
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective DP. Further, in terms of SEBI circular dated April 20, 2018, the Company has sent reminder letters to individual shareholders for updating the details of PAN and Bank account details of persons holding shares in physical form with the Company's RTA.
11. Effective April 1, 2019, SEBI has disallowed listed companies from accepting requests for transfer of securities held in physical form, by amending the SEBI LODR. Members will need to convert shares held in physical form to demat for effecting any transfer. Only requests for transmission and transposition will be accepted by the Company/RTA.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the RTA, for consolidation into a single folio. The share certificate(s) will be returned to the members after necessary endorsements.
13. Members holding shares in single name and physical form are advised to make nomination or change nomination in respect of their shareholding in the Company in the prescribed form to the RTA. The nomination form(s) can also be downloaded from the Company's website www.ranegroup.com
14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020 will also be available on the Company's website www.ranegroup.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL www.evotingindia.com
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. Information pursuant to regulations 26(4), 36(3) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) with respect of the Directors seeking appointment / re-appointment, as the case may be, at the AGM are furnished in the Annexure to this Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
17. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write well in advance to the Company on investorservices@ranegroup.com.
18. Since the AGM will be held through VC/OAVM, the route map is not annexed in this notice.
19. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and SEBI LODR, the Company is pleased to provide members/shareholders facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services.
- i. The facility of casting the votes by the members/ shareholders using an electronic voting system from a place other than venue of the AGM ('remote e-voting') and for poll during the meeting will be provided by Central Depository Services (India) Limited (CDSL e-Voting System).
 - ii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of 'remote e-voting' or voting at the AGM through poll.
 - iii. The 'remote e-voting' period commences on **(Monday) August 03, 2020 (9:00 hrs)** and ends on **(Wednesday) August 05, 2020 (17:00 hrs)**. During this period, members/shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **July 30, 2020 (Thursday)**, may cast their vote by 'remote e-voting'. The 'remote e-voting' module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - iv. The voting rights of members/shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, i.e., **Thursday, July 30, 2020**. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Thursday, July 30, 2020**, may cast their vote electronically.

- v. Mr. Balu Sridhar, Practicing Company Secretary (ICSI Membership no. FCS 5869), Partner, M/s. A.K. Jain & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the 'remote e-voting' process and voting at the AGM, in a fair and transparent manner.
- vi. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.ranegroup.com and on the website of CDSL www.evotingindia.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges where the Company's shares are listed.

than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters.

- (ii) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.

If Dividend Bank Details or Date of Birth are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in point 3 of clause A.

THE INSTRUCTIONS FOR SHAREHOLDER FOR REMOTE E-VOTING ARE AS UNDER:-

A. To Log-in to CDSL e-Voting website

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

(OR)

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login-Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

4. Next, enter the Image Verification as displayed and click on 'Login'.
5. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - a. If you are using CDSL e-Voting system for the first time, then follow below steps:
 - (i) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number-the first two letters of their name and the last 8 digits of the Client ID /Folio number in the PAN field. In case the sequence number is less

6. After entering these details appropriately, click on 'SUBMIT' tab.

7. Shareholders holding shares in physical form will then directly reach the Company selection screen.

8. Create Password:

Shareholder holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other companies on which they are eligible to vote, provided that such Companies opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

9. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
10. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

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

1. After successful login, you will reach Company selection screen.
2. Click on 'EVSN' for RANE ENGINE VALVE LIMITED.
3. Now you are ready for e-Voting as the Voting page opens.
4. On the voting page, you will see 'RESOLUTION DESCRIPTION' and against the same, the option 'YES/NO' for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and the option NO implies that you dissent to the Resolution.
5. Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire Resolution details.
6. After selecting the resolution that you have decided to vote on, click on 'SUBMIT'. A confirmation box will be

displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.

7. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
8. You can also take a printout of the votes cast by clicking on 'CLICK HERE TO PRINT' option on the Voting page.
9. Shareholders can also cast their vote using CDSL's mobile app 'm-Voting'. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
10. Note for Non - Individual Shareholders and Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the 'Corporates' module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address investorservices@ranegroup.com (designated email address by Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested

scanned copy of Aadhar Card) by email to Company's e-mail ID investorservices@ranegroup.com. or to RTA's e-mail ID srirams@integratedindia.com.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company's e-mail ID investorservices@ranegroup.com or to RTA's e-mail ID srirams@integratedindia.com
3. The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the aforesaid shareholders.

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

1. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at the weblink: <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before and after the scheduled time of the commencement of the Meeting and will be available for Shareholders on a first come first served basis.
3. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
4. Further, shareholders will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at investorservices@ranegroup.com, from July 29, 2020 (9:00 hrs IST) to August 02, 2020 (17:00 hrs IST). The shareholders who do not wish to speak during the AGM but have queries may send their queries in within the above mentioned time period prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investorservices@ranegroup.com.
7. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask

questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

1. The procedure for e-Voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.
2. Only those shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholder have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholder shall be considered invalid, as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Other Instructions

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

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

Chennai

June 19, 2020

Registered Office:

Rane Engine Valve Limited

"Maithri", 132, Cathedral Road

Chennai 600 086

CIN: L74999TN1972PLC006127

www.ranegroup.com

EXPLANATORY STATEMENT

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

Item No.3

In terms of Section 203 of the Companies Act, 2013, the Company is required to appoint a whole time Key Managerial Personnel (KMP) in the designation of MD / CEO / Manager / Whole Time Director. The Company has identified Mr. Murali K Rajagopalan, President, for the appointment as KMP in the position of 'Manager' within the meaning of section 2(53) of the Companies Act, 2013 (the Act).

Mr. Murali K Rajagopalan holds a mechanical engineering degree and executive management program from IIM, Ahmedabad and Stephen M. Ross School of Business, University of Michigan. He has over 33 years of work experience. He has worked for Adient India Pvt. Ltd., Kalyani Forge Ltd., Flowserve Sanmar Ltd., Tata Johnson Controls and Maruti Suzuki India Ltd. He joined Rane Group on September 20, 2018. The Board of Directors after considering his qualification, experience, expertise and taking into consideration the recommendations of Nomination and Remuneration Committee, has appointed Mr. Murali K Rajagopalan also as Manager of the Company for a period of five years, effective from April 1, 2020 to March 31, 2025. The appointment is, subject to approval of the members in accordance with Section 196 of the Companies Act, 2013.

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

I. General information:

The Company is the leading manufacturer of Engine valves, Guides and Tappets. The Company has diverse presence in both domestic and export markets and has established tie-ups with leading OEMs. The financial performance of the Company for the year ended March 31, 2020 is given below:

| Particulars for 2019-20 | ₹ In Lakhs |
|-------------------------------------|------------|
| Sales & Operating Revenue | 35,499.29 |
| Profit Before Tax | (2,529.44) |
| Provision for Tax (net tax expense) | (895.35) |
| Profit After Tax | (1,634.44) |

II. Information about the appointee:

| | |
|---|---|
| Name of the Manager | Mr. Murali K Rajagopalan |
| DIN | - |
| Father's Name | Mr. K A Rajagopalan |
| Date of Birth | June 20, 1963 |
| Educational Qualifications | BE, executive management program from IIM, Ahmedabad and Stephen M. Ross School of Business, University of Michigan |
| Experience | Mr. Murali K Rajagopalan has over 33 years of industrial experience and has held various positions in the areas of marketing, operations, business development overseas and other corporate functions. |
| Past Remuneration (2019-20) | ₹1,11,81,862 |
| Recognition / Awards | - |
| Job Profile and his suitability | He heads the overall operations and responsible for achieving the operating and strategic business plans of the Company. Given his qualification and experience, Mr. Murali K Rajagopalan is considered well suited for the position. |
| Remuneration Proposed | As detailed in the resolution. The proposed remuneration is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry. |
| Comparative remuneration profile with respect to the industry | The proposed remuneration package of the appointee is in line with the prevailing standards in the industry, size of the Company, profile of the position, etc. |
| Pecuniary Relationship and relationship with the managerial personnel | Apart from receiving remuneration he has no other pecuniary relationship. Mr. Murali K Rajagopalan is not related to any other Managerial Personnel of the Company. |
| Other Directorships | Nil |
| Committee Memberships | Nil |

III. Other Information:

Reasons for loss or inadequacy of profits - High Finance cost coupled with lower demand in the auto sector and degrowth in domestic sales and export sales

Steps taken or proposed to be taken for improvement-Company has initiated profit improvement plans including fixed cost reduction and increasing exports which will help the company to return to profitability.

Expected increase in productivity and profit in measurable terms -focus on customer centricity and development of alternate materials/technologies coupled with following initiatives will help the company return to profitability:

- Upgrade manufacturing equipment and infrastructure to improve capability
- Deploy automation and related initiatives to enhance shop floor productivity
- Target increased share of export business through proactive R&D engagement and sales efforts

IV. Other Disclosures:

The Company has not made any default in repayment of its debt or interest payable thereon during the preceding financial year 2019-20. Mr. Murali K Rajagopalan satisfies all the conditions laid down in Schedule V to the Companies Act, 2013. He holds no equity shares of the Company (including joint holdings).

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

The Board recommends passing the resolution as set out at item no. 3 of this notice as a **special resolution**.

Item No.4

In terms of the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the cost records of the Company. Based on the recommendation of the Audit Committee, the Board of Directors of the Company had approved the appointment of M/s. Jayaram & Associates, Cost Accountants, as the Cost Auditor of the Company for the financial year 2019-20 on a remuneration of ₹2,25,000/- per annum excluding applicable taxes, reimbursement of out of pocket expenses incurred, if any, in connection with the cost audit. The remuneration of the Cost Auditor is required to be ratified by the members in accordance with the provisions of the Act and Rule 14 of the Rules.

None of the Directors, Key Managerial Personnel and their relatives is concerned or interested in the resolution. Accordingly, the Board recommends passing the resolution as set out at item no. 4 of this notice as an **ordinary resolution**.

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

Chennai
June 19, 2020

Kalidoss S
Secretary

Registered Office:
Rane Engine Valve Limited
"Maithri", 132, Cathedral Road
Chennai 600 086
CIN: L74999TN1972PLC006127
www.ranegroup.com

Annexure to the Notice dated June 19, 2020

Information about director(s) seeking appointment/re-appointment at the Annual General Meeting in compliance with Regulation 26(4), 36(3) of SEBI LODR and Secretarial Standard on General Meeting (SS-2), as on June 19, 2020.

| | |
|--|--|
| Name of the Director | Mr. Lakshman Lakshminarayan |
| Father's Name | Mr. L L Narayan |
| Director Identification Number (DIN) | 00012554 |
| Age (in years) | 73 |
| Date of Birth | July 17, 1946 |
| Educational Qualifications | B.E (Mech.), Executive MBA from London Business School |
| Experience | Mr. L Lakshman had been spearheading the business of Rane Group of companies and has more than 50 years of industrial experience. He provides guidance and mentorship to the management and advisory support in initiatives of strategic importance to the Group's future growth plans. |
| Date of first appointment on the board | June 25, 1997 |
| Terms and Conditions of appointment | Re-appointment as a Non-Executive Director, liable to retire by rotation |
| Last drawn remuneration | Sitting fee for FY 2019-20 - ₹1,80,000 |
| Remuneration sought to be paid | No approval is being sought for payment of remuneration. Eligible for sitting fee for the attending meetings of the Board and Committees of which he is a member |
| Relationship with other Directors / Manager / KMP | Brother of Mr. L Ganesh and father of Mr. Harish Lakshman. |
| Other Directorships | Chairman - Emeritus 1. Rane Holdings Limited Director 1. Rane Brake Lining Limited 2. Rane (Madras) Limited 3. Rane TRW Steering Systems Private Limited 4. Rane NSK Steering Systems Private Limited 5. SRF Limited |
| Committee Memberships in other Boards | Chairman - Stakeholders' Relationship Committee 1. Rane (Madras) Limited 2. Rane Holdings Limited Member - Audit 1. Rane (Madras) Limited 2. Rane NSK Steering Systems Private Limited 3. Rane TRW Steering Systems Private Limited 4. SRF Limited 5. Rane Brake Lining Limited Member - Nomination and Remuneration 1. Rane (Madras) Limited 2. Rane Holdings Limited Chairman - Corporate Social Responsibility 1. Rane Holdings Limited 2. Rane Brake Lining Limited 3. Rane (Madras) Limited 4. Rane NSK Steering Systems Private Limited 5. Rane TRW Steering Systems Private Limited Member - Corporate Social Responsibility 1. SRF Limited |
| Number of meetings of the Board attended during the year | 5 (Five) |
| Number of equity shares held (including joint holding, if any) | 100 (One Hundred) |

REPORT OF THE BOARD OF DIRECTORS

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

1. State of Company's affairs

The impact of COVID-19 will be felt in the Financial Year 2020-21 as it is expected to further drag the slowness in the auto industry and the revival is bound to be slow. The Company has partially resumed operations in its facilities, with minimum workforce, as per the guidelines issued by the Ministry of Health and Family Welfare. The Company has taken steps to build in all the safety and precautionary measures across all its facilities and locations. The Company, as part of the auto industry is confident of meeting the challenges post the lockdown in ensuring the supply chain is revived and supply is started.

1.1 Financial Performance

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

| Particulars | 2019-20 | 2018-19 |
|---|----------------|----------------|
| Revenue from Operations | 354.99 | 422.63 |
| Other Income | 3.16 | 2.23 |
| Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense | 13.31 | 19.92 |
| Less: Depreciation / Amortisation / Impairment | 28.09 | 30.53 |
| Profit / loss before Finance Costs, Exceptional items and Tax Expense | (14.78) | (10.61) |
| Less: Finance Costs | 10.51 | 9.88 |
| Profit / loss before Exceptional items and Tax Expense | (25.29) | (20.49) |
| Add / (less): Exceptional items | - | - |
| Profit / (loss) before Tax Expense | (25.29) | (20.49) |
| Less: Tax Expense (Current & Deferred) | 8.95 | 6.92 |
| Profit / (loss) for the year (1) | (16.34) | (13.57) |
| Other Comprehensive Income / loss (2) | 0.03 | (0.10) |
| Total Comprehensive Income (1+2) | (16.31) | (13.67) |
| Balance of profit / loss for earlier years | (13.70) | (0.03) |
| Less: Transfer to Reserves | - | - |
| Less: Dividend paid on Equity Shares | - | - |
| Less: Dividend Distribution Tax | - | - |
| Balance carried forward | (29.89) | (13.70) |

The Key Performance Indicators (KPI), operational performance and summary on balance sheet are furnished in page no. 2 of this annual report.

The net sales and operating revenue of the Company for the year 2019-20 was ₹354.99 crores as against

₹422.63 crores for the previous year. The Company incurred a net loss of ₹16.34 crores as against ₹13.57 crores in the previous year. The Earnings Per Share (EPS) for the year 2019-20 was ₹(24.31) as against ₹(20.20) in the previous year.

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

1.2. Appropriation

The net deficit for the financial year 2019-20 stood at ₹29.89 crores, after adjusting a deficit of ₹13.70 crores brought forward from the previous financial year and adjustments of Other Comprehensive Income to the tune of ₹0.15 crores. The Board of Directors, taking into consideration, the operational performance, financial position of the Company and uncertainties faced by the automotive sector and the Indian economy as a whole, has decided not to declare / recommend any dividend, for the year under review.

1.3. Credit rating

Owing to the slowdown in domestic automobile industry, which is exacerbated by the COVID-19 outbreak, the credit rating agency CRISIL on April 15, 2020, downgraded, its ratings to the bank facilities of the Company to 'CRISIL BBB /Negative/CRISIL A3+' from 'CRISIL BBB+/Stable/CRISIL A2'. The ratings continue to reflect REVL's healthy market position in India's automotive (auto) engine valves segment, diversified revenue profile, and benefits derived from being part of the Rane group.

Credit rating details have been disclosed to stock exchanges and made available in the website of the Company in a timely manner. The Corporate Governance section of this annual report carries the details of credit rating.

1.4. Share capital

During the year under review, there was no change in capital structure of the Company and as at year ended March 31, 2020, the paid up capital of the Company stood at ₹6,71,89,920, consisting of 67,18,992 equity shares having face value of ₹10/- each, fully paid-up.

1.5. Management Discussion & Analysis

The business of your Company is manufacturing and marketing of auto components for transportation industry viz., engine valves, valve guide and tappet. The analysis on the performance of the industry, the

Company, internal control systems, risk management are presented in the Management Discussion and Analysis report forming part of this report as 'Annexure A'.

1.6. Subsidiaries, Associate and Joint Venture Companies

The Company does not have any subsidiary, associate or joint venture. There was no Company which has become or ceased to be Company's subsidiary, Joint venture or associate Company during the financial year 2019-20.

2. Board of Directors, Committees and Management

2.1. Composition

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

During the year, based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors had appointed Mr. L Ganesh as Non-Executive Chairman on the Board with effect from April 01, 2020, consequent to the completion of his tenure as Managing Director of the Company. There is no other change in the composition of Board of Directors with reference to the previous year.

The terms and conditions of appointment of Independent Directors are available at weblink: http://ranegroup.com/revl_investors/terms-conditions-appointment-id/

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

by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

2.2. Retirement by rotation

Mr. Lakshman Lakshminarayan (DIN: 00012554) retires by rotation at the ensuing 48th Annual General Meeting (AGM), being eligible, he offers himself for re-appointment. The proposal for re-appointment of Mr. L Lakshman as a Director is included in the notice convening the 48th AGM.

2.3. Board and Committee Meetings

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

2.4. Meeting of Independent Directors

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

2.5. Board evaluation

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

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

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

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

Focus on making the organisation future ready and contribution in terms of active engagement and connect with the long term strategic values of the Company were considered as additional aspects in the evaluation of the Managing Director. The outcome of the evaluation is also generally considered by the NRC while considering re-appointments of Directors on the Board and appointment in various Committees. The key areas of improvement emerging through this exercise was discussed by the Chairman with the other Board members and the action plans were initiated on matters of strategic and long term importance, succession planning, leadership developments and IT initiatives.

2.6. Familiarisation program for Independent Directors

The details of familiarization program for Independent Directors are available at the web-link: http://ranegroup.com/revl_investors/revl-familiarisation-programme-for-independent-directors/.

2.7. Key Managerial Personnel

The term of appointment of Mr. L Ganesh as Managing Director of the Company ended on March 31, 2020 and he expressed his desire to step down from executive position on the Board. Consequently, the Board of Directors, based on the recommendation of NRC, appointed Mr. Murali K Rajagopalan, President as 'Manager' with effect from April 01, 2020, pursuant to Section 196, 203 and other applicable provisions of the Companies Act, 2013. His appointment as a Manager is subject to the approval of the shareholders at the ensuing AGM.

Mr. Murali K Rajagopalan, President & Manager, Mr. V K Vijayaraghavan, Chief Financial Officer (CFO), Mr. Kalidoss S, Secretary, hold the office of Key Managerial Personnel (KMP), respectively, within the meaning of Section 2(51) of the Companies Act, 2013.

2.8. Remuneration policy

The policy contains criteria for determining positive qualifications, positive attributes, and independence of a Director and also covers aspects of remuneration which is reasonable and sufficient to attract, retain and motivate Directors / high potential employees of the quality required to run the company successfully. The policy on appointment and remuneration of Directors, KMP and Senior Management Personnel (SMP) as

laid down by the NRC of the Board is available at the web-link at https://ranegroup.com/revl_investors/policy-on-appointment-remuneration-of-directors-kmp-smp/.

3. Audit and allied matters

3.1. Audit Committee

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

3.2. Statutory Auditor

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

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

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

3.3. Cost Audit & maintenance of cost records

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors, at their meeting held on July 29, 2019, had appointed M/s. Jayaram & Associates, Cost Accountants, represented by Mr. R Jayaraman (Membership no. 26103) as Cost Auditor of the Company for the financial year 2019-20 as per the recommendations of the Audit Committee, after obtaining necessary certificate under Section 141 of the Act conveying his eligibility for re-appointment. In terms of Section 148(3) of the Companies Act, 2013 the remuneration as fixed by the Board, based on the recommendation of the Audit Committee, is required to be ratified by the members at the AGM in terms of Section 148(3) of the Act. The notice convening the ensuing AGM includes the proposal for ratification of the remuneration payable to the Cost Auditor. The Company maintains all such accounts and records as specified by the Central Government under section 148 (1) of the Companies Act, 2013.

3.4. Secretarial Auditor

M/s. S Krishnamurthy & Co., a firm of Company Secretaries in Practice, have been appointed by the Board of Directors in terms of Section 204 of the Companies Act, 2013 as Secretarial Auditors of the Company for the FY 2019-20. The Secretarial Audit report given in 'Annexure B' was taken on record by the Board of Directors at its meeting held on June 19, 2020. The report does not contain any qualification, reservation, adverse remark or disclaimer.

The Annual Secretarial Compliance Report, (hereinafter referred to as 'compliance report'), for the FY 2019-20 issued by M/s. S Krishnamurthy & Co., confirms compliance with securities law applicable to the Company and the same has been taken on record by the Board of Directors at their meeting held on June 19, 2020. The compliance report does not contain any qualification, reservation, adverse remark or disclaimer and the Board has approved filing of the same with the stock exchanges.

3.5. Internal Auditor

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

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

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

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

4. Directors' Responsibility Statement

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

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

5. Related Party Transactions (RPT)

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

The Company has put in place a proper system for identification and monitoring of such transactions. Save as disclosed in this report, none of the Directors or Key Managerial Personnel has any pecuniary relationships or transactions with the Company. The policy on RPT as approved by the Board available at the web-link http://ranegroup.com/revl_investors/revl-policy-on-related-party-transaction/.

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

6. Corporate Social Responsibility (CSR)

The Rane Group's vision on Corporate Social Responsibility (CSR) is: "To be socially and environmentally responsible corporate citizen". The CSR activities of Rane Group focus on four specific areas of: (a) Education (b) Healthcare (c) Community Development; and (d) Environment. The CSR policy of the Company is available at the web-link at http://ranegroup.com/revl_investors/corporate-social-responsibility-policy/.

The Board has duly constituted a CSR Committee comprising of Mr. L Lakshman, Committee Chairman, Mr. L Ganesh, Chairman and Mr. S Krishna Kumar, an Independent Director, as members. However, since the Company was not required to spend towards CSR activities during FY 2019-20 as per Section 135 of the Companies Act, 2013 read with rules thereunder owing to the inadequacy of profits / loss during the immediately preceding three financial years, there was no requirement for the CSR committee to consider any subject matter in this regard, during the year under review.

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

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

8. Particulars of Directors, Key Managerial Personnel and Employees

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

9. Corporate Governance Report

Your Company is committed to maintaining the highest standards of corporate governance and effective compliance with the regulatory norms under the SEBI regulations and other laws and regulations applicable to the Company. The Corporate Governance Report and the certificate issued by the Statutory Auditors are available in 'Annexure D' to this report.

10. Risk Management

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

11. Other disclosures

- a) The details of loan, guarantees and investments, if any, under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.
- b) The Internal control systems and adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Directors Report.
- c) There was no significant / material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.
- d) The policies approved and adopted by the Board have been made available on the Corporate Governance section of the Investor page on the website of the Company www.ranegroup.com.
- e) The extract of the Annual Return under Section 92(3) of the Companies Act, 2013 in form MGT-9 in 'Annexure E' to this report.
- f) The Company has complied with the applicable secretarial standards viz., SS-1 on meetings of Board of Directors and SS-2 on General Meetings issued by Institute of Company Secretaries of India (ICSI) as per section 118(10) of the Companies Act, 2013.
- g) The details regarding shares and dividend transferred / proposed to be transferred to the Investor Education and Protection Fund (IEPF) and other relevant details in this regard, have been

provided in the corporate governance section of this annual report.

- h) The Company does not accept any deposits falling under the provisions of section 73 of the Companies Act, 2013 and the rules framed thereunder.
- i) The Company has established a formal vigil mechanism named 'Rane Whistle Blower Policy' for reporting improper or unethical practices or actions which are violative of the code of conduct of the Company. The policy which is also available on the intranet portal of the Company provides adequate safeguard against victimisation and has provided direct access to the Chairman of the Audit Committee for the employees and state their complaints / grievances.
- j) The Company has always provided a congenial atmosphere for work that is free from discrimination and harassment and has provided equal opportunities of employment to all irrespective of their caste, religion, colour, marital status and gender. The Company believes that women should be able to do their work in a safe and respectful environment that encourages maximum productivity. The Company has a zero tolerance towards sexual harassment. The Company has adopted a policy on prevention of sexual harassment of women at work place and put in place proper dissemination mechanism across the Company. The Company has carried out awareness programmes / sessions on the mechanism established under this policy, across its various locations. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee (ICC) under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), comprising of Presiding Officers and members with an appropriate mix of employees and external subject matter experts. During the period, the details of complaints received / resolved or pending are as under:

No. of complaints received during the financial year - Nil

No. of complaints disposed during the financial year - Nil

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

- k) The electronic copies of the annual report and the notice convening the 48th AGM would be sent to the members whose e-mail address are registered with the Company or their respective Depository Participants (DP). In terms of General Circulars no. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 and 20/2020. dated May 05, 2020 issued by the Ministry of Corporate Affairs (MCA) read with SEBI's circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84. dated May 12, 2020, the Company has not printed physical copies of annual report for distribution. The full Annual Report is available on the website of the Company and shall also be disseminated to the stock exchanges where shares of the Company are listed.
- l) **Annual General Meeting**

In view of government advisories on travel and public gatherings to combat the prevailing COVID-19 pandemic and as a measure of public safety to support the health and well-being of all stakeholders, the 48th AGM would be conducted through video conferencing or other audio visual means on August 06, 2020 at 15:00 hrs (IST), as per the framework notified by Ministry of Corporate Affairs. The notice convening the 48th AGM contains detailed instructions and notes in this regard.

Acknowledgement

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

For and on behalf of the Board

Ganesh Lakshminarayan

Chairman
 DIN: 00012583

Chennai
 June 19, 2020

Harish Lakshman

Vice Chairman
 DIN: 00012602

Annexure - A to the Report of the Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS

1. Company Overview

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

2. Economic Review

2.1 Global Economy

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

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

2.2 Indian Economy

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

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

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

3. Industry Review

3.1 Global Automobile Industry

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

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

largest increase last year, followed by France (+1.9%) and Italy (+0.3%). By contrast, both Spain (-4.8%) and the United Kingdom (-2.4%) saw demand fall in 2019. Based on various market estimates Europe's auto sales is likely to contract by 25% due to coronavirus pandemic.

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

3.2 Indian Automobile Industry

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

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

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

The farm tractor segment experienced a decline of 14% owing to low yield of rabi crops in 2019, erratic monsoon

resulting in delayed sowing and lower demand from non-farm and export markets.

Two-wheeler segment experienced a 14% decline due to sharp price increase on account of insurance regulation, poor consumer sentiment and credit availability.

| Industry Segment (Production figures) | Growth in % (YoY change) | |
|---|-----------------------------|-------|
| | FY20 | FY19 |
| Vehicle Segment | | |
| Passenger Cars (PC) | (20) | (1.3) |
| Utility Vehicles (UV) | 2 | 0.5 |
| Multi-Purpose Vans (MPV) | (38) | 20.6 |
| Passenger Vehicles (PV) | (15) | 0.1 |
| Small Commercial Vehicles (SCV) | (25) | 39.7 |
| Light Commercial Vehicles (LCV) | (22) | 12.4 |
| Medium & Heavy Commercial Vehicles (M& HCV) | (47) | 28.4 |
| Commercial Vehicles (CV) | (33) | 24.1 |
| Farm Tractors (FT) | (14) | 11.3 |
| Two-wheelers | (14) | 5.8 |

Source: Society of Indian Automobile Manufacturers (SIAM)

4. Business Review

4.1 Domestic Market

The Company registered a 17.0% decline in domestic market. Sales to Original Equipment Manufacturer (OEM) customers was down by 16.9% due to a drop in overall market across all segments. The sales in the month of March 2020 was also affected due to COVID-19 breakout and resultant drop in the last three weeks of the month. In the aftermarket segment, sales were down by 22.8% mainly due to an overall drop in repair activity. The Company is focusing on new product launches and enhancing its distribution network in the aftermarket. The break-up of the domestic sales by market segment is given below:

| Market | FY | | Growth in % |
|-------------|--------|--------|-------------|
| | FY20 | FY19 | |
| OEM | 199.57 | 240.10 | (16.9%) |
| Aftermarket | 27.48 | 35.59 | (22.8%) |
| Railways | 4.98 | 5.61 | (11.2%) |
| Defence | 6.12 | 5.57 | 9.9% |
| Total | 238.15 | 286.87 | (17.0%) |

4.2 Exports

OEM sales were down by 19.9% due to lower off take by the OEM customers. However, Export aftermarket sales grew by 9.4%.

| Market | FY | | Growth in % |
|-------------|--------|--------|-------------|
| | FY20 | FY19 | |
| OEM | 78.57 | 98.04 | (19.9%) |
| Aftermarket | 30.71 | 28.08 | 9.4% |
| Total | 109.28 | 126.12 | (13.4%) |

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

(₹ in Crores)

| Market | FY20 | FY19 | Growth in % |
|--------------------|---------------|---------------|----------------|
| Automotive Engines | 266.69 | 313.45 | (14.9%) |
| Other Engines | 80.74 | 99.55 | (18.9%) |
| Total | 347.43 | 413.00 | (15.9%) |

Your Company also strengthened its business development efforts and secured orders worth ₹140 crores from domestic and export customers. This will be commercialised in next few years starting 2020-21.

4.3 Operational and Financial Performance

4.3.1 Financial Review

- Revenue from Operations decreased by 16.0 % to ₹354.99 crores in FY20 from ₹422.63 crores in FY19.
- EBITDA decreased by 33% to ₹13.31 crores in FY20 from ₹19.92 crores in FY19.
- Loss after Tax stood at ₹16.34 crores for FY20 as compared to Loss after Tax of ₹13.57 crores in FY19.

Your Company implemented new operational efficiency improvement programmes and sustained the ones implemented in the last financial year. The financial turnaround initiatives are progressing as per plan. These initiatives have effectively offset the significant impact due to volume drop driven by market condition.

The significant change in respect of Inventory turnover is due to pileup of inventory on account of lower offtake by customers and disruptions related to COVID-19 lockdown. In respect of other key ratios in FY 20 compared to last year viz, Interest Coverage, operating profit & net profit margin is due to drop in revenue owing to lower offtake by customers and general slowdown in the automobile sector during FY 20. There is no significant change in other ratios. The return on networth further declined in FY 20 (13.71)% as against FY 19 (10.12)% due to drop in revenue owing to lower offtake by customers and general slowdown in the automobile sector during FY 20.

4.3.2 Operations and Manufacturing Review

Your Company is continuously focusing on customer centricity through proactive R&D engagement with twin objectives of providing solutions to customer's needs and growing the business. This has resulted in the alignment of the Company's technology road map with that of customer objectives such as emission control, light weighting and fuel efficiency improvements. Your Company continued to develop alternate materials/ technologies in tune with the market demand. Over 50 projects are under various stages of engagement with

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

Your Company continued to improve productivity and quality during the year. Despite a drop in capacity utilisation during the year, productivity improved. Your Company invested ₹6.00 crores to establish dedicated new lines as well as new machineries for new processes and to balance existing lines for meeting the new businesses. Your Company continues its good performance on customer quality with a rejection rate of less than 10 parts per million. Your Company continued to execute the following key initiatives in the pursuit of returning back to profitability:

- Upgrade manufacturing equipment and infrastructure to improve capability
- Deploy automation and related initiatives to enhance shop floor productivity
- Target increased share of export business through proactive R&D engagement and sales efforts.

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

- All plants are ISO 9001:2015, IATF 16949:2016 and ISO 14001:2015 certified
- All plants are certified for OHS standard ISO 45001:2018
- The Company has also been certified under ISO 27001:2013 for ISMS

4.4 Pursuit of Business Excellence

The Company continued to focus on the 'Business Excellence Model', which was built on the solid foundation of existing Total Quality Management (TQM) practices. Several new systems and processes have been revisited and the business processes are re-engineered for efficiency and effectiveness. A strong internal process audit has been established across all plants to continuously identify and implement improvement areas. These helped the Company to become a **Great Place To Work Certified Company** and also to multiple customer awards as under.

Customer Awards

- Groupe Renault - Global award for Quality and customer satisfaction (Only Indian company to be recognized)
- Volvo Eicher Power Train - Quality and Delivery Excellence
- TAFE Motors and Tractors Limited (Eicher Engines) - Commitment to Quality

- Hyundai - Appreciation award
- Cummins India - Supplier quality
- Renault Nissan India - Quality and Customer Satisfaction

4.5 Opportunities and Threats

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

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

- Economic slowdown leading to contraction in demand remains one of the major threats which could lead to decreased volumes and capacity utilization.
- Continuing cost reduction demand from OEMs from whom the major portion of the future growth is expected to come.
- Increasing commodity prices and volatile forex movements.

4.6 Outlook

The spread of the coronavirus pandemic is likely to result in severe contraction in global economy resulting in job losses, weak demand environment and stress in financial markets. The auto sector which has been going through its worst slowdown with slump in demand amid weak consumer sentiment and an uncertain regulatory environment is likely to face further headwinds during the first half of the fiscal 2021 owing to adverse economic impact of Covid-19 and cost push from new emission norms. Moreover, exports could be impacted owing to challenges being faced by the global auto

industry in terms of slowing demand. However, the impact of the pandemic is likely to remain in the short term. In the medium term the Indian auto component manufacturers have the opportunity to establish themselves as preferred manufacturing suppliers to the global auto industry.

The Company is addressing operational performance in the short term to return to profitability. At the same time the company is keeping in mind the long-term sustainability of the business through investing in technology and growing our business in India and abroad.

From a long-term perspective, the Company's growth might be impacted as penetration of Electric Vehicles increases. While the Company does not believe the impact will be significant from a 5 to 7 year perspective, the management will be cognizant of this issue for the long term.

5. Risk Management

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

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

6. Human Resource Development and Industrial Relations

6.1 Talent Development Initiatives

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

Leadership Development

- Young Leadership Development (YLD) Batch-3 was rolled out for first time managers and matured individual contributors. 8 participants underwent 4 days of facilitator led workshop delivered in two modules. The third module, an online learning plan curated from various open sources of learning, based on the conceptual underpinnings of the outbound experiential learning.
- "Leader as Coach" Batch - 2 was launched to cultivate appreciation of behavioural change and encourage the culture of development. Leaders were provided with insights on the elements of individual development through the concept of breakdown, skill, practices & reflection and four different dimensions of individual development as part of facilitator led sessions. 3 leaders are undergoing the 10-month learning journey and have completed the first module comprising of 2 days of classroom session and one-on-one interaction with the coach.

Rane Manufacturing Systems Professional Programme (RMSP)

6 participants from Batch-1 completed their 18-month learning journey. As part of course completion, the assessors were invited to share their feedback on the various projects handled by the participants. 1 participant was awarded a cash prize and merit certificate on the basis of final evaluation by Jury. 7 participants from Batch 3 completed the course and are due for final evaluation. 17 participants from Batch 5 and 7 are undergoing their RMSP learning journey.

Managerial & Technical Competency Development Programs

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

6.2 Employee Engagement and Well-being

The Company believes in enhancing employees' everyday experiences and in building meaningful workplace relationships. Employee feedback surveys

and discussions help us by providing insights on what is important to employees. The follow up mechanism ensures that change and progress occur. In recognition of our efforts, four of our Group Companies RBL, REVL, RML and RTSS have been certified as Great Place to Work companies with RBL and RML retaining this recognition for three consecutive years and all business units GPTW score has increased in comparison with the previous year.

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

6.3 Digital Initiative

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

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

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

6.4 Industrial Relations

During FY20, long-term wage settlements with the employee's union were under discussion in one of the plants. The industrial relations were generally cordial in all the plants. A group level industrial relations council was constituted with the objective of co-creating a healthy working environment by promoting peace and harmony among all the segments of employees. The focus area for the council includes interpretation and implementation of legislations, workforce mix planning for optimal deployment and sharing best practices.

7. Internal Control Systems

The Company has set up a robust internal control system to prevent operational risks through a framework of

internal controls and processes. These controls ensure that the business transactions are recorded in a timely and complete manner in the financial records, resources are utilised effectively and the assets are safeguarded.

The internal audit function is carried out by a professional firm of independent assurance service providers. The Audit Committee and the Board, in consultation with the internal auditor, statutory auditor and operating management, reviews and approves the annual internal audit plan. The scope also covers the internal financial controls and internal controls over financial reporting. The internal audit findings are placed before the Audit Committee at each of its quarterly meetings for review.

The management's responses and corrective measures are discussed in the Audit Committee meetings. This process ensures robustness of the internal control system and compliance with laws and regulations, including resource utilisation and system efficacy.

8. Cautionary Statement

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

Annexure - B to the Report of the Board of Directors

SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2020

Form No. MR-3

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

To the Members of

Rane Engine Valve Limited

[CIN: L74999TN1972PLC006127]

"Maithri", No.132, Cathedral Road,

Chennai - 600 086.

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

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

We are issuing this report based on:

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

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

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

1. Compliance with specific statutory provisions

We further report that:

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

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

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

- (i) The Company has complied with the applicable provisions of the Act, Rules and Regulations mentioned in paragraph 1.1 (i) to (iii) above.
- (ii) The Company has complied with the applicable provisions of the SEBI Regulations and Agreements mentioned in paragraph 1.1 (iv) and (v) above.
- (iii) The Company has complied with the Secretarial Standards on 'Meetings of the Board of Directors' (SS-1) and 'General Meetings' (SS-2) mentioned in paragraph 1.1 (vi) above, to the extent applicable to Board meetings and General meetings. Secretarial Standards on 'Dividend' (SS-3) and Secretarial Standards - 4 (SS-4) on 'Report of the Board of Directors', being non-mandatory, have not been adopted by the Company.

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

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

2. Board processes

We further report that:

2.1 Board constitution and balance

- (i) The constitution of the Board of directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR.
- (ii) As on March 31, 2020, the Board of Directors of the Company comprises of:
 - (a) 1 (one) Executive Director;
 - (b) 2 (two) Non-Executive Non-Independent Directors; and
 - (c) 4 (four) Independent Directors, including 1 (one) Independent Woman Director.
- (iii) The process relating to the following change in the composition of the Board of Directors during the year, was carried out in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR:

- (a) Re-appointment of Mr. Harish Lakshman (DIN: 00012602) as a Director, upon retirement by rotation at the 47th Annual General Meeting held on July 29, 2019.

2.2 Board meetings

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

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

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

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

3. Compliance mechanism

We further report that:

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

4. Specific events / actions

We further report that:

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

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

Sharanya Sriram
Partner

Membership No.: F10252

Certificate of Practice No.: 12731

UDIN: F010252B000356257

Chennai
June 19, 2020

Annexure - A to Secretarial Audit Report of even date

To the Members of
Rane Engine Valve Limited
 [CIN: L74999TN1972PLC006127]
 "Maithri", No.132, Cathedral Road,
 Chennai - 600 086.

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
4. While forming an opinion on compliance and issuing this report, we have taken an overall view, based on the compliance practices and procedures followed by the Company. We have considered:
 - (a) Compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law, wherever there was scope for multiple interpretations.
 - (b) Compliance related actions taken by the Company after March 31, 2020, but before the issue of this report; and
 - (c) Notifications / Circulars issued by the Ministry of Corporate Affairs / the Securities and Exchange Board of India / Reserve Bank of India, in respect of relaxation of time-lines for certain compliances as mentioned therein.
 - (d) Confirmation provided by the Statutory Auditors, as regards validity of their Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Companies Act, 2013.
6. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Sharanya Sriram
 Partner

Membership No.: **F10252**
 Certificate of Practice No.: **12731**
 UDIN: **F010252B000356257**

Chennai
 June 19, 2020

Annexure - C to the Report of the Board of Directors

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

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

A. Conservation of Energy

Steps taken or impact on conservation

- 23 energy saving projects have been implemented
- 8,01,402 units (kwh) have been saved through these energy saving projects
- ₹64,11,216 have been saved through energy saving measures.

Steps taken utilising alternate sources of energy

- The Company makes use of wind energy and approximately 1,03,22,582 units (kwh) have been utilized from windmill

Capital investment in energy conservation equipment

- The Company is planning for future investments into additional projects for energy conservation

B. Technology Absorption

Efforts made towards technology absorption

- Partnered with Indian OEM's for smooth transition to BS VI emission norms
- Re-focus towards friction reduction for better fuel efficiency
- Explored alternate cleaner technologies for surface treatment
- Custom build rig testing for customers

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

- Standardization of alloys have been established
- Made significant Break-through with Gas Engines in overseas markets
- Achieved low cost surface coating solutions for wear reduction

- New Product Development turnaround time has been improved

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

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

Research and Development expenditure incurred

(₹ in Crores)

| Sl. No. | Particulars | 2019-20 | 2018-19 |
|---------|--|-------------|-------------|
| A | Capital expenditure | - | 0.30 |
| B | Recurring expenditure | 1.58 | 1.69 |
| C | Total | 1.58 | 1.99 |
| D | Total R & D expenses as a percentage of total turnover | 0.45 % | 0.47 % |

C. Foreign Exchange Earnings And Outgo (₹ in Crores)

| Foreign Exchange | 2019-20 | 2018-19 |
|------------------|---------|---------|
| Earnings | 109.28 | 126.12 |
| Outgo | 38.91 | 64.94 |

For and on behalf of the Board

Harish Lakshman
Vice-Chairman
DIN: 00012602
Chennai
June 19, 2020

Ganesh Lakshminarayan
Chairman
DIN: 00012583

Annexure - D to the Report of the Board of Directors

CORPORATE GOVERNANCE REPORT

1. Philosophy on Code of Governance

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

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

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

2. Board of Directors

Composition, Attendance & Meetings

As on the date of this report, the Board comprises of seven (7) Non Executive Directors with majority (4) of them being Independent Directors. The Chairman of the Board is a Non- Executive Chairman. There are no Alternate Directors on the Board. The woman Director of the Company is an Independent Director. The composition of the Board is aimed at maintaining an appropriate balance of skills, background, experience

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

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

During the FY 2019-20, the Board of Directors met five (5) times on May 21, 2019, July 29, 2019, October 23, 2019, January 22, 2020 and March 18, 2020 and requisite quorum was present throughout these meetings. The Company facilitates the participation of the Directors in Board / Committee meetings through video conferencing or other audio-visual mode, on matters others than those restricted as per applicable laws for the time being in force. The details of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year, the number of Directorships and Committee memberships / chairperson position(s) held by them in other public companies as on March 31, 2020 are given below:

| Name of the Director / (DIN) | Category | No. of board meetings attended | Attendance at the last AGM (July 29, 2019) | Number of Directorship in other public companies # | | Number of Committees Membership ® | |
|--|---|--------------------------------|--|--|--------|-----------------------------------|--------|
| | | | | Chairperson | Member | Chairperson | Member |
| Mr. Ganesh Lakshminarayan (00012583) | Chairman, Managing Director & Promoter | 5 | Yes | 3 | 5 | - | 6 |
| Mr. Harish Lakshman (00012602) | Vice Chairman, Non-Executive & Promoter | 5 | Yes | 1 | 5 | 1 | 2 |
| Ms. Ashok Malhotra (00029017) | Non-Executive & Independent | 5 | Yes | - | - | - | - |
| Dr. (Ms.) Brinda Jagirdar (06979864) | Non-Executive & Independent | 5 | Yes | - | 3 | - | 3 |
| Mr. Coimbatore Natrajan Srivatsan (00002194) | Non-Executive & Independent | 5 | Yes | - | 1 | 1 | 1 |

| Name of the Director / (DIN) | Category | No. of board meetings attended | Attendance at the last AGM (July 29, 2019) | Number of Directorship in other public companies # | | Number of Committees Membership @ | |
|--|-----------------------------|--------------------------------|--|--|--------|-----------------------------------|--------|
| | | | | Chairperson | Member | Chairperson | Member |
| Mr. Krishna Kumar Seshadri (00062582) | Non-Executive & Independent | 5 | Yes | - | 1 | - | 1 |
| Mr. Lakshman Lakshminarayan (00012554) | Non-Executive & Promoter | 5 | Yes | - | 4 | 2 | 4 |

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

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

Note:

Consequent to completion of his tenure as Managing Director, Mr. L Ganesh continues as Non-Executive Chairman on the Board with effect from April 01, 2020.

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

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

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

An annual calendar for the Board and its Committee meetings were circulated in advance to the Directors and they were provided with detailed agenda for the meetings to effectively participate in discussions. Post Board meeting reviews were held by the Chairman with the management, in order to effectively monitor the actions arising out of the decisions, directions and suggestions of the Board and its Committees.

The disclosure regarding meeting of Independent Directors, Board and Directors' performance evaluation are discussed in detail in the Directors Report. In the opinion of Board, the Independent Directors fulfill the conditions specified in SEBI LODR and the provisions of Companies Act, 2013 and are independent of the management. The details of familiarisation programme for the independent Directors are disclosed in the web-link at http://ranegroup.com/revl_investors/revl-familiarisation-programme-for-independent-directors/.

The Company issues formal letter of appointment to all the Independent Directors, whenever they are appointed / re-appointed and the terms and conditions of appointment of Independent Directors have also been disclosed in the website of the Company at www.ranegroup.com.

Skills, expertise and competence of the Board

The Board comprises of qualified members who bring in the required skills, competence and expertise that allows

them to make effective contributions to the Board and Committees. The Board ensures and maintains the highest standards of corporate governance. The skills / expertise /

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

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

3. Audit Committee

Composition, Attendance and Meetings

The composition of the Audit Committee of the Board conforms to the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR. The Committee met four (4) times during the year May 21, 2019, July 29, 2019, October 23, 2019 and January 22, 2020 with requisite quorum present throughout these meetings. The details of members and their attendance are as below:

| Name of the Director | Category | No. of meetings attended |
|----------------------|--|--------------------------|
| Mr. C N Srivatsan | Chairman, Non - Executive, Independent | 4 |
| Mr. Ashok Malhotra | Member, Non - Executive, Independent | 4 |
| Mr. L Lakshman | Member, Non - Executive, Promoter | 4 |
| Mr. S Krishna 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 Auditor and the Internal Auditor were present as invitees in all the meetings. The President and Vice President (Finance) & CFO of the Company attended the meetings by invitation. Based on the requirement, other Directors attended the meetings by invitation. All the recommendations of the Audit Committee during the year were considered, accepted and approved by the Board. The Chairman of the Audit Committee was present at the last AGM of the Company held on July 29, 2019.

Overall purpose and terms of reference

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

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

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

- Quarterly / Annual financial statements with statutory 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 and prohibition of insider trading.
- Evaluation of internal financial controls and risk management systems.
- Management discussion and analysis of financial condition, results of operation financial and risk management policies of the Company.
- Defaults, if any, in payments to depositors, shareholders / creditors and the status of the inter- corporate loans and investments for scrutiny in detail.
- Approve related party transactions, including any subsequent modifications thereto.
- Compliance with listing and other legal requirements relating to financial statements
- Changes, if any, in accounting policies and practices and reasons for the same, major accounting entries involving estimates based on the exercise of judgement by management and significant adjustments made in the financial statements arising out of the audit findings.
- Valuation of undertakings or assets of the company, as and when required.
- Financial statements, in particular, the investments made by any unlisted subsidiary of the Company.
- Utilization of loans and / or advances from / investment by the company to its subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances / investments.
- Recommends appointment of Auditor and their remuneration and approves the appointment of CFO.
- Discusses the scope of audit and post-audit area of concern and qualifications, if any, with Statutory Auditor / Internal Auditor.

The Audit Committee reviews the quarterly unaudited / annual audited financial results of the Company. The unaudited results are subjected to limited review by

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

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

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

4. Nomination and Remuneration Committee (NRC)

Composition, Attendance and Meetings:

The NRC is constituted in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR. The Company Secretary acts as the Secretary to the Committee. The Committee met three (3) times during the year July 29, 2019, October 23, 2019 and March 18, 2020 with requisite quorum present throughout these meetings. The details of members and their attendance are as below:

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

Overall purpose and terms of reference

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

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

During the year, the NRC, inter alia:

- reviewed the process for evaluation of the Board, its Committee & Directors
- reviewed the compensation, benefits of senior management personnel (SMP) and key managerial personnel (KMP) of the Company
- considered and recommended the appointment of Mr. L Ganesh as Non-Executive Chairman
- recommended the appointment & remuneration of Mr. Murali K Rajagopalan, President, as Manager under the Companies Act, 2013 (KMP). This appointment as KMP is consequent to completion of tenure by Mr. L Ganesh as Managing Director of the Company

Remuneration to Non-Executive Directors

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

Remuneration Policy

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

Sitting fees

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

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

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

Details of Sitting Fees paid to Directors

The details of remuneration paid to the Directors during the financial year and their shareholding in the Company as at the year ended March 31, 2020 is as follows:

| Name of the Director | Sitting Fees (₹) | Shares held as on March 31, 2020 |
|---------------------------|------------------|----------------------------------|
| Mr. L Ganesh | - | 135 |
| Mr. Harish Lakshman | 1,00,000 | 100 |
| Mr. L Lakshman | 1,80,000 | 100 |
| Mr. Ashok Malhotra | 1,90,000 | - |
| Mr. C N Srivatsan | 1,90,000 | - |
| Mr. S Krishna Kumar | 1,80,000 | - |
| Dr. (Ms.) Brinda Jagirdar | 1,00,000 | - |

Note:

1. Shareholding includes joint holdings & HUF, if any
2. The term of appointment of Mr. L Ganesh as Managing Director of the Company expired on March 31, 2020. As per his terms of appointment as approved by the shareholders at their 45th AGM held on August 21, 2017, he did not draw any remuneration during the FY 2019-20. He is also the Chairman and Managing Director of Rane Holdings Limited (RHL) the holding company and receives remuneration from RHL.
3. No shares of the Company were pledged by the Directors and there is no stock option scheme prevailing in the Company

5. Stakeholder's Relationship Committee

Composition & Attendance of Meetings:

The Stakeholder's Relationship Committee looks into grievances of shareholders and redresses them expeditiously in accordance with Section 178 of the Companies Act, 2013 and as per the requirements under Regulation 20 of SEBI LODR. The Company Secretary is the compliance officer of the company. During the year, the Committee met four (4) times on May 21, 2019, July 29, 2019, October 23, 2019 and January 22, 2020 with requisite quorum present throughout these meetings. The details of members and their attendance at the meetings are stated below:

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

Overall purpose and terms of reference

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

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

There was no investor complaint received during the FY 2019-20 including under the SEBI Complaints Redress System (SCORES). One investor complaint pertaining to FY 2018-19 was resolved during the period under review. The Chairman of the SRC was present at the last AGM of the Company held on July 29, 2019 to answer queries of the stake holders. During the

year under review the SRC also reviewed the Internal Audit report issued to RTA, in line with the SEBI Circular dated April 20, 2018 and is suggested a regular follow-up on the corrective measures taken by RTA, wherever applicable.

6. Corporate Social Responsibility (CSR) Committee

Education, Healthcare, Community Development and Environment are the four focus areas under Corporate Social Responsibility (CSR) as per the CSR vision of the Company. The CSR projects and activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee which are in accordance with the areas or subjects specified under the Companies Act, 2013, as amended from time to time. The Company Secretary acts as the Secretary to the Committee. The composition of Committee is as follows:

| Name of the Director | Category |
|----------------------|--|
| Mr. L Lakshman | Chairman, Non - Executive & Promoter |
| Mr. L Ganesh | Member, Non - Executive & Promoter |
| Mr. S Krishna Kumar | Member, Non - Executive & Independent |

Overall purpose and terms of reference

The terms of reference of the Committee are as follows:

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

In view of the losses made during the previous years, the Company was not required to spend on CSR activities in terms of Section 135 of the Act and rules thereunder during FY 2019-20 and no CSR activities were carried out during the year.

7. Other Committees

Share Transfer Committee:

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

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

Finance Committee

A Finance Committee comprising of three Non-Executive Directors viz., Mr. L Ganesh, Mr. Harish Lakshman and Mr. L Lakshman as its members, is authorised to approve borrowings as per the delegations made by the Board. The Company Secretary acts as the Secretary to the Committee and no sitting fees is payable to the Committee members. During the year, no meeting was held.

Executive Committee

In order to carry out activities in connection with change in operation of bank accounts and authorization of officials under various legislations and other administrative matters between two consecutive meetings of the Board, has been constituted by the Board and it comprises of Mr. L Ganesh, Mr. L Lakshman and Mr. Harish Lakshman as its members. The Company Secretary acts as the Secretary to the Committee. During the year, the Committee met once on September 09, 2019 to approve matters relating to authorizations in

connection with lease arrangements and all members of the Committee attended the meeting. No sitting fees is payable.

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 at the web-link: https://ranegroup.com/revl_investors/code-of-conduct/. The Board members and Senior Management Personnel have affirmed their compliance with the code of conduct. A declaration from the Manager of the Company to this effect forms part of this report.

Prevention of Insider Trading

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

9. General Body Meetings

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

| Date of AGM | Special resolutions passed | Time | Venue |
|---|---|-----------|---|
| July 29, 2019 (47 th AGM) | No special resolution was passed | 10:15 hrs | |
| July 23, 2018 (46 th AGM) | Re-appointment of Dr. (Mrs.) Brinda Jagirdar as an Independent Director for a second term | 10:15 hrs | The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai - 600 014 |
| August 21, 2017 (45 th AGM) | 1. Re-appointment of Mr. C N Srivatsan as an Independent Director for a second term | 15:00 hrs | |
| | 2. Re-appointment of Mr. Ashok Malhotra as an Independent Director for a second term | | |
| | 3. Re-Appointment of Mr. Krishna Kumar Seshadri as an Independent Director. | | |

No resolution was passed either through postal ballot or Extra-Ordinary General Meeting during the Financial Year 2019-20.

10. Other disclosures

- i. During the year, the Company had not entered into any transaction of material nature with any of the promoters, Directors, management or relatives or subsidiaries etc. The transactions entered with related parties during the year were in the ordinary course at arms' length and

not in conflict with the interests of the Company. All routine and periodic transactions with related parties were covered in the omnibus approval of the Audit Committee. The details of the related party transactions as per Ind AS as stated in note no. 28 of the financial statements. The policy on related party transaction

is available on the website of the Company, at the web-link:http://ranegroup.com/revl_investors/revl-policy-on-related-party-transaction/.

- ii. There was no instance of non-compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years.
- iii. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.
- iv. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
- v. The Company has complied with the following non-mandatory requirements prescribed under Part - E of Schedule II, Chapter IV of the SEBI LODR:
 - a. maintains an office for Mr. L Ganesh, Chairman (Non-Executive Director) at the registered office of the Company and allows re-imbusement of expenses incurred in performance of his duties.
 - b. dissemination to the stakeholders, financial performance and summary of significant events through earnings / conference calls with investors on quarterly basis.
 - c. adopts best practices to ensure a regime of financial results / statement with unmodified audit opinion
 - d. Internal Auditor directly reports to the Audit Committee
- vi. In order to comply with all applicable laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal standards, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate education to dealing personnel, execution, escalation and regular reviews to strengthen compliance management. The STACK is electronically integrated through an online platform (e-STACK) to improve the compliance management system and its efficiency. The master lists of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.
- vii. The Company does not have any material listed / unlisted subsidiary Companies as defined in Regulation 24 of the SEBI LODR. Hence, the Company is not

required to frame a policy for determining material subsidiary.

- viii. The Company has obtained a certificate from a Company Secretary in Practice that none of the Director(s) on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The Certificate obtained is attached as Annexure to this report on Corporate Governance.
- ix. The Independent Directors have confirmed and declared that they meet the criteria of 'Independence' as stipulated under Section 149 including the compliance with the code of conduct as prescribed in Schedule - IV of the Companies Act, 2013 and Regulation 16 read with Regulation 25 and other provisions of the Act and SEBI LODR, as amended from time to time and that they are no aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge duties with an objective independent judgment and without any external influence.
- x. In terms of regulation 25 of SEBI LODR the Company has in place policy for Directors and Officers insurance ('D & O insurance') covering all the Independent Directors, for such quantum and for such risks which commensurate to the operations of the Company and in line with the industry standards.
- xi. The Managing Director / Manager and CFO of the Company have certified to the Board on the integrity of the financial results / statements, effectiveness of internal controls and significant changes in internal control / accounting policies during the year as required under Regulation 17(8) of the SEBI LODR and Companies Act, 2013.
- xii. The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI LODR.
- xiii. The Board has accepted / considered all the recommendation(s) made by Committee(s) to the Board in the relevant financial year under review.
- xiv. The total fees for all services paid by the Company, to the Statutory Auditor and its network entities are given as under. The Company has not availed any services from any network entities of the Statutory Auditors, during the year under review:

| Particulars | ₹ in Crores | |
|---|-------------|-------------|
| | FY 2019-20 | FY 2018-19 |
| Varma & Varma, Chartered Accountants | 0.18 | 0.18 |
| Net Work entities and firms of Varma & Varma (if any) | - | - |
| Total | 0.18 | 0.18 |

- xv. During the year, the Company has not raised any funds through preferential allotment or qualified institutions placement and hence, the disclosure on utilization of funds is not applicable.
- xvi. The Company on a periodical basis reviews various policies framed under the Companies Act, 2013 and SEBI LODR and such other statutes, as applicable and amends them based on the requirement to ensure conformity with relevant regulatory and industry changes.

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

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

12. Whistle blower mechanism

The Company has a whistle blower policy, which provides the vigil mechanism for reporting with reliable information on any improper or unethical practices or actions which are violative (actual or potential) of the code of the Company by any employee or others dealing with the Company. During the year under review, the working of the policy was reviewed and approval of the Board was secured to amend certain provisions to strengthen and align the internal mechanism for dealing with any reliable information under this policy. It also addresses the protection to whistle blower who makes protected disclosures under the policy and provides for direct access to the Chairman of the Audit Committee.

14. General Shareholder Information

i. Information about Director(s) seeking 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)

| | |
|---|---|
| Name of the Director | Mr. Lakshman Lakshminarayan |
| Father's Name | Mr. L L Narayan |
| Director Identification Number (DIN) | 00012554 |
| Age (in years) | 73 |
| Date of Birth | July 17, 1946 |
| Educational Qualifications | B.E, Executive MBA from London Business School |
| Experience | Mr. L Lakshman had been spearheading the business of Rane Group of companies and has more than 50 years of industrial experience. He provides guidance and mentorship to the management and advisory support in initiatives of strategic importance to the Group's future growth plans. |
| Date of first appointment on the board | June 25, 1997 |
| Terms and Conditions of appointment | Appointment as a non-executive director, liable to retire by rotation |
| Last drawn remuneration | Sitting fee for FY 2019-20 - ₹1,80,000 |
| Remuneration sought to be paid | No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees of which he is a member. |
| Relationship with other Directors / Manager / KMP | Brother of Mr. L Ganesh and Father of Mr. Harish Lakshman |

The policy and the mechanism for reporting has been appropriately communicated across all locations of the Company. During the year under review the Board of Directors amended certain provisions to strengthen the policy on procedural matters especially those governing the anonymous disclosures, committees, ombudsperson and timelines for detailed enquiry. No person has been denied access to the ombudsperson / Audit Committee. During the year under review, there were no complaints received or pending for resolution through this mechanism. The whistle blower policy has also been posted in the Company's website at web-link: http://ranegroup.com/revl_investors/whistle-blower-policy/.

13. Means of communication

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

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

| | |
|--|--|
| Other Directorships | Chairman Emeritus 1. Rane Holdings Limited Director 1. Rane Brake Lining Limited 2. Rane (Madras) Limited 3. SRF Limited 4. Rane TRW Steering Systems Private Limited 5. Rane NSK Steering Systems Private Limited |
| Committee Memberships in other Boards | Member - Audit 1. Rane (Madras) Limited 2. SRF Limited 3. Rane NSK Steering Systems Private Limited 4. Rane TRW Steering Systems Private Limited Member - Nomination and Remuneration 1. Rane Holdings Limited 2. Rane (Madras) Limited Chairman - Corporate Social Responsibility 1. Rane Holdings Limited 2. Rane (Madras) Limited 3. Rane Brake Lining Limited 4. Rane NSK Steering Systems Private Limited 5. Rane TRW Steering Systems Private Limited Chairman - Shareholders' Relationship 1. Rane Holdings Limited 2. Rane (Madras) Limited Member - Corporate Social Responsibility 1. SRF Limited |
| Number of meetings of the Board attended during the year | Five (5) |
| Number of equity shares held (including joint holding, if any) | Hundred (100) |

ii. Annual General Meeting

August 06, 2020 (Thursday) at 15:00 hrs (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

iii. Financial Year April 01, 2020 to March 31, 2021

Financial Calendar:

| Board meeting for approval of | Tentative schedule |
|---|--------------------------------|
| Audited Annual financial results and financial statements for the year ended March 31, 2020 | June 19, 2020 |
| Un-audited financial results for the 1 st quarter ending June 30, 2020 | By first week of August 2020 |
| Un-audited financial results for the 2 nd quarter ending September 30, 2020 | By fourth week of October 2020 |
| Un-audited financial results for the 3 rd quarter ending December 31, 2020 | By fourth week of January 2021 |

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

iv. 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 | RANEENGINE |
| BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | 532988 |

Listing Fee

The shares of the Company are listed on NSE & BSE which provide nationwide access to trade and deal in Company's equity shares across the country. The Company has paid the Annual Listing fee for the Financial Year 2020 - 21 to NSE & BSE where the shares of the Company continue to be listed. There shares of the Company were not suspended from trading during the FY 2019-20.

v. Unpaid / Unclaimed Dividends

Pursuant to the provisions of Section 124 of the Companies Act, 2013, Dividend for the financial year ended March 31, 2013 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile Kar Mobiles Limited), will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government within the respective due dates.

During the year, the Company had transferred to IEPF the unclaimed Final Dividend of ₹3,22,480/- for

the financial year ended March 31, 2012 and Interim Dividend amount of ₹1,50,876.00/- for the financial year ended March 31, 2013 to IEPF on September 07, 2019 and March 19, 2020 respectively. The Company has sent reminder letters to each of the shareholders whose Dividend is remaining unclaimed as per the records available with the Company. Members who have not encashed the Dividend warrants are requested to make their claim to the Company. Information in respect of such unclaimed Dividends when due for transfer to the said fund is given below:

(Amount in ₹)

| Year | Date of declaration | Dividend per share [#] | Amount outstanding in Unclaimed Dividend Account(as on March 31, 2020) [^] | Last Date for claiming unpaid dividend | Due date for transfer to IEPF |
|------------|--------------------------|---------------------------------|---|--|-------------------------------|
| 31.03.2013 | 23.07.2013 ^{\$} | 2.50 | 1,77,632.50 | 28.08.2020 | 27.09.2020 |
| 31.03.2014 | 25.07.2014 ^{\$} | 2.50 | 1,80,700.00 | 30.08.2021 | 29.09.2021 |
| 31.03.2015 | 21.07.2015 | 2.50 | 2,21,597.50 | 27.08.2022 | 26.09.2022 |
| 31.03.2017 | 21.08.2017 | 2.50 | 2,56,882.50 | 27.09.2024 | 27.10.2024 |

Share of paid-up value of ₹10 per share

\$ Pertains to Kar Mobiles Limited prior to amalgamation with the Company

** No dividend (interim & final) was declared for the FY 2015-16, FY 2017-18, FY 2018-19 & FY 2019-20

[^] Amounts reflect the confirmation of balance issued by Bank(s)

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

vi. Transfer of shares to IEPF Authority

Pursuant to Section 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refunds) Rules, 2016, as amended from time to time, ("the Rules" / "IEPF Rules") the Company is required to transfer the equity shares in respect of which dividends are not claimed for the last 7 years by any shareholder to the IEPF Authority. In accordance with the said IEPF rules, the Company has sent reminder letters to the shareholders whose shares were due to be transferred to IEPF Authority and simultaneously published notices in newspapers.

The shares pertaining to FY 2012-13 (Interim Dividend) are due for transfer to the IEPF Authority pursuant to Section 124(6) of the Companies Act, 2013. MCA has vide General circular 16/2020 dated April 13, 2020 issued relaxation in timelines due to COVID-19 pandemic and the Company is taking steps to effect

the transfer of shares within such extended timelines, once the normalcy is restored. The details of shares transferred to the IEPF Authority, during the year, are detailed hereunder:

| Year from which Dividend has remained unclaimed / unpaid for seven consecutive years | No. of shares transferred |
|--|---------------------------|
| 2011 - 12 (Final) | 1,056 |
| 2011 - 12 (Final) ^{\$} | 287 |

^{\$} pertains to Kar Mobiles Limited since amalgamated with the Company

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

No claim shall lie against the Company in respect of any dividend or shares transferred to the IEPF Authority. However, the shareholders may claim their shares / dividend by filing the electronic request for the same by following the procedure prescribed on the website of IEPF at www.iepf.gov.in. The shares relating to unclaimed Dividend for FY 2012-13 Final is liable to

be transferred to IEPF Authority during the current FY 2020-21. In this regard, the Company shall intimate/publish notice in newspapers and requisite details would be made available on the Investors section of the Company's website at www.ranegroup.com. The concerned shareholders are requested to claim their shares before the due dates of transfer of shares to the IEPF, specified therein newspapers and Company website.

vii. Unclaimed share suspense

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

| Details of Unclaimed Suspense account | Number of shareholders | Outstanding shares |
|--|------------------------|--------------------|
| Aggregate at the beginning of the year | 28 | 3,008 |
| Requests for transfer during the year | 7 | 284 |
| Transfers during the year | 7 | 284 |
| Balance at the end of the year | 1 | 2,724 |

viii. Share Price Data

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

| Month | BSE | | BSE Sensex | | NSE | | NSE Nifty | |
|----------------|------------------|--------|------------|-----------|------------------|--------|-----------|-----------|
| | Share Prices (₹) | | High | Low | Share Prices (₹) | | High | Low |
| | High | Low | | | High | Low | | |
| April 2019 | 642.80 | 450.00 | 39,487.45 | 38,460.25 | 645.00 | 450.55 | 11,856.15 | 11,549.10 |
| May 2019 | 561.95 | 450.00 | 40,124.96 | 36,956.10 | 564.40 | 450.00 | 12,041.15 | 11,108.30 |
| June 2019 | 490.90 | 448.60 | 40,312.07 | 38,870.96 | 505.00 | 450.00 | 12,103.05 | 11,625.10 |
| July 2019 | 459.00 | 254.00 | 40,032.41 | 37,128.26 | 461.55 | 255.30 | 11,981.75 | 10,999.40 |
| August 2019 | 304.80 | 236.00 | 37,807.55 | 36,102.35 | 299.00 | 230.65 | 11,181.45 | 10,637.15 |
| September 2019 | 311.40 | 235.15 | 39,441.12 | 35,987.80 | 312.00 | 251.65 | 11,694.85 | 10,670.25 |
| October 2019 | 272.40 | 194.55 | 40,392.22 | 37,415.83 | 276.95 | 196.00 | 11,945.00 | 11,090.15 |
| November 2019 | 231.00 | 196.60 | 41,163.79 | 40,014.23 | 229.90 | 198.00 | 12,158.80 | 11,802.65 |
| December 2019 | 350.35 | 197.70 | 41,809.96 | 40,135.37 | 352.20 | 195.55 | 12,293.90 | 11,832.30 |
| January 2020 | 363.00 | 229.00 | 42,273.87 | 40,476.55 | 362.30 | 226.50 | 12,430.50 | 11,929.60 |
| February 2020 | 247.90 | 192.10 | 41,709.30 | 38,219.97 | 242.95 | 190.00 | 12,246.70 | 11,175.05 |
| March 2020 | 198.00 | 119.25 | 39,083.17 | 25,638.90 | 201.90 | 116.45 | 11,433.00 | 7,511.10 |

source: www.bseindia.com & www.nseindia.com

ix. Registrar and Transfer Agent

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

Integrated Registry Management Services Private Limited

SEBI Registration No. INR000000544

II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017

Phone: 28140801 - 03, Fax: 28142479, 28143378

e-mail ID: corpserv@integratedindia.in

Website: www.integratedindia.in

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

x. Share Transfer System & Share Capital Audit

The power to approve transfer of shares has been delegated by the Board to the Share Transfer

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

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

there is no difference between the issued and the listed capital of the Company.

xi. Distribution of shareholding as on March 31, 2020

| No. of shares held | Shareholders | | Shares | |
|--------------------|--------------|---------------|------------------|---------------|
| | Number | % to total | Number | % to total |
| Upto 500 | 6818 | 93.56 | 5,16,317 | 7.69 |
| 501 - 1000 | 228 | 3.13 | 1,64,963 | 2.45 |
| 1001 - 2000 | 117 | 1.60 | 1,68,921 | 2.51 |
| 2001 - 3000 | 32 | 0.44 | 79,957 | 1.20 |
| 3001 - 4000 | 16 | 0.22 | 54,974 | 0.81 |
| 4001 - 5000 | 18 | 0.25 | 79,246 | 1.18 |
| 5001 - 10000 | 24 | 0.33 | 1,73,117 | 2.58 |
| 10001 & above | 34 | 0.47 | 54,81,497 | 81.58 |
| Total | 7,287 | 100.00 | 67,18,992 | 100.00 |

xii. Shares

Dematerialization

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2020, about 97.60% of the shareholdings have been dematerialised. The promoter and promoter group hold their entire shareholding only in dematerialised form. A comparative chart of physical and demat holdings for the current and previous financial year is given below:

| Particulars | Number of shares - As on | | % to total capital - As on | |
|--------------|--------------------------|------------------|----------------------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Physical | 1,61,740 | 1,77,173 | 2.40 | 2.64 |
| Demat | 65,57,252 | 65,41,819 | 97.60 | 97.36 |
| Total | 67,18,992 | 67,18,992 | 100.00 | 100.00 |

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

Demat ISIN: INE222J01013

During the year, the Company has not issued any equity share with differential voting rights nor granted stock options nor sweat equity shares nor any convertible instruments and also, the Company has not bought-back its shares from its shareholders.

Transfer of shares in demat mode only

As per SEBI norms, with effect from April 1, 2019, only transmission or transposition requests for transfer of securities shall be processed in physical form. All other transfers shall be processed in dematerialised form only.

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

xiv. Credit Rating

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

| Rating Agency | Security - Type | (₹ in Crores) | Credit Rating | Outlook | Status (Assigned / Re-affirmed / Revised / Withdrawn) | Date of credit rating obtained |
|---------------|-----------------|---------------|---------------|----------|---|--------------------------------|
| CRISIL | Long term | 195.00 | BBB | Negative | Revised | 15-04-2020 |
| | Short term | 5.00 | A3+ | - | | |
| ICRA Limited | Long term | 155.23 | BBB | Stable | Withdrawn | 30-08-2019 |
| | Short term | 4.00 | A2 | - | | |

xv. Address for communication:

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

OR

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

Annexure (i)

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

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

To,
The Members of
Rane Engine Valve Limited [CIN: L74999TN1972PLC006127]
"Maithri", No.132, Cathedral Road, Chennai - 600 086.

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

| Sl. No. | Name of the Director | Nature of Directorship | Director Identification Number (DIN) |
|---------|--------------------------------|-------------------------------|--------------------------------------|
| 1. | Lakshman Lakshminarayan | Non-Executive, Promoter | 00012554 |
| 2. | Ganesh Lakshminarayan | Chairman, Executive, Promoter | 00012583 |
| 3. | Harish Lakshman | Non-Executive, Promoter | 00012602 |
| 4. | Srivatsan Coimbatore Natarajan | Non-Executive, Independent | 00002194 |
| 5. | Ashok Malhotra | Non-Executive, Independent | 00029017 |
| 6. | Krishna Kumar Seshadri | Non-Executive, Independent | 00062582 |
| 7. | Brinda Jagirdar | Non-Executive, Independent | 06979864 |

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

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

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

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

Sharanya Sriram

Partner

Membership No.: F10252

Certificate of Practice No.: 12731

UDIN: F010252B000356257

Chennai
June 19, 2020

Annexure (ii)

To
The Members,
Rane Engine Valve Limited

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

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

Chennai
June 19, 2020

Murali K Rajagopalan
Manager

Annexure (iii)

Independent Auditor's Certificate

To
The Members
Rane Engine Valve Limited

1. We, Varma and Varma, Chartered Accountants, the Statutory Auditors of Rane Engine Valve Limited ('the Company'), have examined the compliance of the conditions of Corporate Governance by the Company for the year ended March 31, 2020 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred in Regulation 15(2) of the Listing Regulations.

Management's Responsibility

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

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the 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.
4. We have examined the books of account and other relevant records and documents maintained by the company for the purpose of providing reasonable assurance on the compliance with the corporate governance requirements by the company.
5. We conducted our examination of the relevant records of the company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the standards on auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of relevant records and according to the explanations given to us and based on our reliance upon the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations during the year ended March 31, 2020.
8. We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

P R Prasanna Varma
Partner

M.No. 25854

UDIN:20025854AAAAABH4424

Place : Chennai
Date : June 19, 2020

Annexure - E to the Report of the Board of Directors

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended March 31, 2020.

Form no.: MGT-9

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

I. Registration and other details

| | | |
|---|---|--|
| (i) CIN | : | L74999TN1972PLC006127 |
| (ii) Registration Date | : | March 09, 1972 |
| (iii) Name of the Company | : | Rane Engine Valve Limited |
| (iv) Category - Sub-Category of the Company | : | Public Company - Limited by Shares / Indian / Non-Government Company |
| (v) Address of the Registered office and contact details | : | "Maithri", No.132, Cathedral Road, Chennai - 600 086 Phone: 044 - 2811 2472 website: www.ranegroup.com e-mail ID: investorservices@ranegroup.com |
| (vi) Whether listed Company | : | Yes |
| (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Integrated Registry Management Services Private Ltd. II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017 e-mail ID: corpserv@integratedindia.in , Phone: 044 2814 0801; Fax: 044 2814 2479 Contact person: Mr. K Suresh Babu, Director |

II. Principal Business Activities of the Company

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product | % to total turnover of the company |
|---------|--|-------------------------|------------------------------------|
| 1 | Engine Valves - Small , Medium and large engine valves for applications in internal combustion engines | 281-2811-28110 | 92% |

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 - 6000 086, India | L35999TN1936PLC002202 | Holding Company | 54.82 | 2(46) |

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

i) Category-wise Share Holding:

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---------------|------------------|-------------------|---|---------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter(s) | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 1,874 | - | 1,874 | 0.02 | 1,874 | - | 1,874 | 0.02 | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 36,83,054 | - | 36,83,054 | 54.82 | 36,83,054 | - | 36,83,054 | 54.82 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1):- | 36,84,928 | - | 36,84,928 | 54.84 | 36,84,928 | - | 36,84,928 | 54.84 | - |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2):- | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoters and Promoter Group (A) = (A)(1)+ (A)(2) | 36,84,928 | - | 36,84,928 | 54.84 | 36,84,928 | - | 36,84,928 | 54.84 | - |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | 2,219 | 2,482 | 4,701 | 0.07 | 2,288 | 2,482 | 4,770 | 0.07 | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | 26,250 | 26,250 | 0.39 | - | 26,250 | 26,250 | 0.39 | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 83,226 | - | 83,226 | 1.24 | 83,226 | - | 83,226 | 1.24 | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 85,445 | 28,732 | 1,14,177 | 1.70 | 85,514 | 28,732 | 1,14,246 | 1.70 | - |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | 6,93,139 | 194 | 6,93,333 | 10.32 | 6,86,324 | 1004 | 6,87,328 | 10.23 | (0.09) |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹1 lakh | 10,13,964 | 1,29,377 | 11,43,341 | 17.02 | 10,37,539 | 1,14,836 | 11,52,375 | 17.15 | 0.13 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 9,71,741 | 16,158 | 9,87,899 | 14.71 | 9,66,776 | 16,158 | 9,82,934 | 14.63 | (0.07) |

| 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 | |
| c) Others (specify) | | | | | | | | | |
| (i) Non Resident Indians | 20,908 | 810 | 21,718 | 0.32 | 24,508 | 810 | 25,318 | 0.38 | 0.06 |
| (ii) Overseas Corporate Bodies | - | 200 | 200 | 0.00 | - | 200 | 200 | 0.00 | - |
| (iii) Foreign Nationals | - | - | - | - | - | - | - | - | - |
| (iv) Clearing Members | 8,891 | - | 8,891 | 0.13 | 6,792 | - | 6,792 | 0.10 | (0.03) |
| (v) Trusts | - | 810 | 810 | 0.01 | - | - | - | - | (0.01) |
| (vi) Foreign Bodies-DR | - | - | - | - | - | - | - | - | - |
| (vii) Rane Engine Valve Limited - Unclaimed Shares Suspense Account | 3,008 | - | 3,008 | 0.04 | 2,724 | - | 2,724 | 0.04 | 0.00 |
| (viii) Investor Education and Protection Fund Authority (Ministry of Corporate Affairs) | 59,795 | 892 | 60,687 | 0.91 | 62,147 | - | 62,147 | 0.92 | 0.01 |
| Sub-total (B)(2):- | 27,71,446 | 1,48,441 | 29,19,887 | 43.46 | 27,86,810 | 1,33,008 | 29,19,818 | 43.46 | 0.00 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 28,56,891 | 1,77,173 | 30,34,064 | 45.16 | 28,72,324 | 1,61,740 | 30,34,064 | 45.16 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 65,41,819 | 1,77,173 | 67,18,992 | 100.00 | 65,57,252 | 1,61,740 | 67,18,992 | 100.00 | 0.00 |

% rounded-off to the nearest decimal

ii) Shareholding of Promoters:

| Sl. No. | Shareholder's Name | At the beginning of the year | | | At the end of the year | | | % of change in shareholding during the year |
|---------|-------------------------------------|------------------------------|----------------------------------|--|----------------------------|----------------------------------|--|---|
| | | No. of Shares [@] | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares [@] | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Rane Holdings Limited | 36,83,054 | 54.82 | - | 36,83,054 | 54.82 | - | - |
| 2 | Sumant Narayan | - | - | - | - | - | - | - |
| 3 | Suchitra Narayan | - | - | - | - | - | - | - |
| 4 | Malavika Lakshman | 1,200 | 0.02 | - | 1,200 | 0.02 | - | - |
| 5 | Chitra Sundaresan | 189 | 0.00 | - | 189 | 0.00 | - | - |
| 6 | Malavika Lakshman & Harish Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 7 | Pushpa Lakshman & L Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 8 | Vinay Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 9 | Lakshman Harish | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 10 | Ganesh L & Meenakshi Ganesh | 85 | 0.00 | - | 85 | 0.00 | - | - |
| 11 | Meenakshi Ganesh & Ganesh L | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 12 | Lakshman L & Pushpa Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 13 | Aparna Ganesh | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 14 | Aditya Ganesh | 50 | 0.00 | - | 50 | 0.00 | - | - |
| | Total | 36,84,928 | 54.84 | - | 36,84,928 | 54.84 | - | - |

@ includes joint holding, if any

% rounded-off to the nearest decimal

iii) Change in Promoters Shareholding:

| Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 36,84,928 | 54.84 | 36,84,928 | 54.84 |
| 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 | 36,84,928 | 54.84 | 36,84,928 | 54.84 |

% rounded-off to the nearest decimal

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

| Sl. No. | For each of the Top 10 shareholders | Shareholding at the beginning of the year | | Date (DD/MM/YYYY) | Increase / Decrease in shareholding | % of total shares of the company | Reason | Cumulative Shareholding during the year | |
|------------|--|---|----------------------------------|-------------------|-------------------------------------|----------------------------------|----------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | | No. of shares | % of total shares of the Company |
| 1 | Enam Securities Pvt. Ltd. | 4,78,890 | 7.13 | - | - | - | - | 4,78,890 | 7.13 |
| 2 | Hiten Anantra Sheth | 1,35,778 | 2.02 | - | - | - | - | 1,35,778 | 2.02 |
| 3 | Gagandeep Credit Capital Pvt. Ltd. | 81,970 | 1.22 | - | - | - | - | 81,970 | 1.22 |
| 4 | Nemish S Shah | 67,900 | 1.01 | - | - | - | - | 67,900 | 1.01 |
| 5 | Dixit Gunvantra Shah | 65,000 | 0.97 | - | - | - | - | 65,000 | 0.97 |
| 6 | Manoj Gunvantra Shah | 65,000 | 0.97 | - | - | - | - | 65,000 | 0.97 |
| 7 | Gunvantra Maganlal Shah | 64,998 | 0.97 | 28-06-2019 | 2 | 0.00 | Purchase | 65,000 | 0.97 |
| 8 | Purvaj Advisors Private Limited | 61,825 | 0.92 | 12-04-2019 | 1,009 | 0.02 | Purchase | 60,804 | 0.91 |
| | | | | 27-09-2019 | 1,343 | 0.02 | Purchase | 62,147 | 0.93 |
| 9 | Investor Education And Protection Fund Authority | 59,795 | 0.88 | 19-04-2019 | (250) | (0.00) | Transfer | 59,103 | 0.88 |
| | | | | 26-04-2019 | (250) | (0.00) | Transfer | 58,853 | 0.88 |
| 10 | V Subha | 59,353 | 0.88 | 05-04-2019 | (52,600) | (0.78) | Transfer | 664 | 0.01 |
| | | | | 12-04-2019 | 52,600 | 0.78 | Purchase | 53,264 | 0.79 |
| 11 | Ushaben Gunvantra Shah | 53,026 | 0.79 | 05-04-2019 | 1,682 | 0.03 | Purchase | 54,708 | 0.81 |
| | | | | 10-05-2019 | 248 | 0.00 | Purchase | 54,956 | 0.82 |
| | | | | 17-05-2019 | 5,309 | 0.08 | Purchase | 60,265 | 0.90 |
| | | | | 24-05-2019 | 100 | 0.00 | Purchase | 60,365 | 0.90 |
| | | | | 14-06-2019 | 1 | 0.00 | Purchase | 60,366 | 0.90 |
| | | | | 21-06-2019 | 3,741 | 0.06 | Purchase | 64,107 | 0.95 |
| | | | | 28-06-2019 | 18 | 0.00 | Purchase | 64,125 | 0.95 |
| | | | | 05-07-2019 | 49 | 0.00 | Purchase | 64,174 | 0.96 |
| 12-07-2019 | 826 | 0.01 | Purchase | 65,000 | 0.97 | | | | |
| 12 | Dharani B | 47,041 | 0.70 | - | - | - | - | 47,041 | 0.70 |
| 13 | United India Insurance Company Limited | 45,451 | 0.68 | - | - | - | - | 45,451 | 0.68 |
| 14 | Mukesh Chimanlal Patani | 39,060 | 0.58 | - | - | - | - | 39,060 | 0.58 |

% rounded-off to the nearest decimal

v) Shareholding of Directors and Key Managerial Personnel

| Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 335 | 0.00 | 335 | 0.00 |
| Ganesh L & Meenakshi Ganesh | 85 | 0.00 | 85 | 0.00 |
| Meenakshi Ganesh & Ganesh L | 50 | 0.00 | 50 | 0.00 |
| Lakshman L & Pushpa Lakshman | 50 | 0.00 | 50 | 0.00 |
| Pushpa Lakshman & L Lakshman | 50 | 0.00 | 50 | 0.00 |
| Lakshman Harish | 50 | 0.00 | 50 | 0.00 |
| Malavika Lakshman & Harish Lakshman | 50 | 0.00 | 50 | 0.00 |
| Date wise Increase in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | No Change | | | |
| At the end of the year | 335 | 0.00 | 335 | 0.00 |
| Ganesh L & Meenakshi Ganesh | 85 | 0.00 | 85 | 0.00 |
| Meenakshi Ganesh & Ganesh L | 50 | 0.00 | 50 | 0.00 |
| Lakshman L & Pushpa Lakshman | 50 | 0.00 | 50 | 0.00 |
| Pushpa Lakshman & L Lakshman | 50 | 0.00 | 50 | 0.00 |
| Lakshman Harish | 50 | 0.00 | 50 | 0.00 |
| Malavika Lakshman & Harish Lakshman | 50 | 0.00 | 50 | 0.00 |

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

V. Indebtedness

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

| Particulars | Secured Loans excluding deposits | | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|----------------------|--------------------|----------|-----------------------|
| | Term Loan | Working Capital | | | |
| Indebtedness at the beginning of the financial year | | | | | |
| i) Principal Amount | 51,07,22,090 | 81,51,59,940 | 16,83,870 | - | 132,75,65,900 |
| ii) Interest due but not paid | - | - | - | - | - |
| iii) Interest accrued but not due | 43,09,082 | - | - | - | 43,09,082 |
| Total (i+ii+iii) | 51,50,31,172 | 81,51,59,940 | 16,83,870 | - | 133,18,74,982 |
| Change in Indebtedness during the financial year | | | | | |
| Addition | 7,04,25,444 | - | - | - | 7,04,25,444 |
| Reduction | (14,67,14,434) | (4,02,90,740) | (16,83,870) | - | (18,86,89,044) |
| Net Change | (7,62,88,990) | (4,02,90,740) | (16,83,870) | - | (11,82,63,600) |
| Indebtedness at the end of the financial year | | | | | |
| i) Principal Amount | 43,40,07,656 | 77,48,69,200 | - | - | 120,88,76,856 |
| ii) Interest due but not paid | - | - | - | - | - |
| iii) Interest accrued but not due | 47,34,526 | - | - | - | 47,34,526 |
| Total (i+ii+iii) | 43,87,42,182 | 77,48,69,200 | - | - | 121,36,11,382 |

VI. Remuneration of Directors and Key Managerial Personnel

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

- Mr. L Ganesh ceased to be the Managing Director with effect from March 31, 2020 on completion of his tenure. During the FY 2019-20, he did not receive any remuneration from the Company
- Mr. Murali K Rajagopalan, President was appointed as Manager of the Company with effect from April 01, 2020. During the FY 2019-20, he did not draw any remuneration in the capacity as Manager.

B. Remuneration to other Directors

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | Total Amount |
|----------|---|-------------------|---------------------|-------------------|--------------------|---------------------|---------------------|--------------|
| | | Mr. L Lakshman | Mr. Harish Lakshman | Mr. C N Srivatsan | Mr. Ashok Malhotra | Mr. S Krishna Kumar | Ms. Brinda Jagirdar | |
| 1 | Independent Directors | | | | | | | |
| | a. Fee for attending Board / Committee meetings | - | - | 1,90,000 | 1,90,000 | 1,80,000 | 1,00,000 | 6,60,000 |
| | b. Commission | - | - | - | - | - | - | - |
| | c. Others, please specify | - | - | - | - | - | - | - |
| | Total (1) | - | - | 1,90,000 | 1,90,000 | 1,80,000 | 1,00,000 | 6,60,000 |
| 2 | Other Non-Executive Directors | | | | | | | |
| | a. Fee for attending Board / Committee meetings | 1,80,000 | 1,00,000 | - | - | - | - | 2,80,000 |
| | b. Commission | - | - | - | - | - | - | - |
| | c. Others, please specify | - | - | - | - | - | - | - |
| | Total (2) | 1,80,000 | 1,00,000 | - | - | - | - | 2,80,000 |
| | Grand Total (1+2) | 1,80,000 | 1,00,000 | 1,90,000 | 1,90,000 | 1,80,000 | 1,00,000 | 9,40,000 |

C. Remuneration to other Directors / Key Managerial Personnel other than MD / Manager /WTD:

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|--------------------------|--------------------|-----------|
| | | Chief Financial Officer | Company Secretary* | Total |
| | | Mr. V K Vijayaraghavan | Mr. Kalidoss S | |
| 1 | Gross Salary | 39,74,180 | 23,58,219 | 63,32,399 |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 12,375 | 12,375 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission- as % of profit | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total (C) | 39,74,180 | 23,70,594 | 63,44,774 |

*Note: Remuneration to Secretary is paid by Rane Holdings Limited (RHL), as part of the secretarial services availed by the Company

VII. Penalties / Punishment / Compounding of Offences

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

For and on behalf of the Board

Chennai
June 19, 2020

Harish Lakshman
Vice-Chairman
DIN: 00012602

Ganesh Lakshminarayan
Chairman
DIN: 00012583

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Rane Engine Valve Limited

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

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

Emphasis of Matter

We draw attention to Note No. 1.3.5 to the financial statements, which explains the uncertainties and the impact of COVID-19 pandemic situation on the Company's financial results as assessed by the management.

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

Key Audit Matters

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

| Sl. No. | Key Audit Matter | Auditors Response |
|---------|--|--|
| 1 | <p>Deferred Tax Assets</p> <p>The company has recognised deferred tax assets on deductible temporary differences, unused tax losses (unabsorbed depreciation) and for unused tax credits (MAT credit), that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is dependent on the company's ability to generate future taxable profits sufficient to utilize the deductible temporary differences and tax losses and to set off the unused tax credits as above.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences, more specifically in light of the economic conditions associated with the nature and duration of Coronavirus (COVID-19) pandemic.</p> <p>Refer Note No. 10 read with Note No. 1.3.5 to the Standalone Financial Statements</p> | <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - reconciling tax losses / credits and expiry dates to tax statements; - assessing the accuracy of forecasts of future taxable profits by comparing the assumptions, such as projected growth rates, , their consistency with business plans and forecasts used for impairment testing purposes appropriately factored in for the probable impact of the Covid-19 pandemic. - evaluating the adequacy of disclosures in the financial statements. |

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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in our opinion and to the best of our information and according to the explanations given to us, no managerial remuneration has been paid or provided during the year. Sitting fees paid to the directors are within the limits prescribed under the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 18 to the financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

P R Prasanna Varma
Partner

Place : Chennai
Date : June 19, 2020

M.No. 025854
UDIN: 20025854AAAABG7237

ANNEXURE 'A'

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RANE ENGINE VALVE LIMITED FOR THE YEAR ENDED March 31, 2020

- (i) a. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.
- c. According to the information and explanations given to us and based on the examination of the records of the company including confirmations received from banks in respect of title deeds deposited with them, wherever applicable, and having regard to the Scheme of Amalgamation approved by the Honourable High Court, we report that the title deeds of immovable properties are held in the name of the company except in one case wherein the local authority has claimed the title of a property held by the company and in respect of which, the company has obtained a stay order from the Honourable High Court of Andhra Pradesh.
- (ii) We are informed that the physical verification of inventory has been conducted by the management at reasonable intervals and discrepancies noticed on such verification have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies/firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 Accordingly, reporting under clause 3 (iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and based on the records of the company examined by us, the company has not made any investments, granted any loans or given any security or guarantee for which the provisions of section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted deposits during the year. Accordingly, reporting under clause 3 (v) of the Order is not applicable to the Company.
- (vi) The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act in respect of certain products manufactured by the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited on account of any dispute as at March 31, 2020 are as follows:

| Statute | Nature of dues | Amount (₹ In Cr) | Period to which the amount pertains | Forum where dispute is pending |
|---------------------------------------|-----------------|------------------|---|---|
| Income Tax Act, 1961 | Income Tax | 0.23 | April 1994 to March 1995 | Honourable Supreme Court of India |
| Income Tax Act, 1961 | Income Tax | 1.06 | April 2007 to March 2008 & April 2010 to March 2011 | Income Tax Appellate Tribunal, Chennai |
| Income Tax Act, 1961 | Income Tax | 0.01 | April 2011 to March 2012 | Commissioner of Income Tax - Appeals, Chennai |
| Income Tax Act, 1961 | Income Tax | 0.53 | April 2002 to March 2004 | Commissioner of Income Tax, Chennai |
| Maharashtra Value Added Tax Act, 2002 | Maharashtra VAT | 0.49 | April 2011 to March 2012 & April 2013 to March 2014 | Jt. Commissioner of Sales Tax, Maharashtra |
| Telangana Value Added Tax Act, 2005 | Telangana VAT | 0.06 | April 2013 to June 2017 | Jt. Commissioner of Sales Tax, Telangana |

- (viii) In our opinion and according to the information and explanations given to us and based on the records of the Company examined by us, the Company has not defaulted in repayment of loans to banks or government. The Company has neither taken any loans or borrowings from any financial institution during the year nor has it issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loan availed by the Company during the year have been applied for the purpose for which it was obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees which has been, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on the records of the Company examined by us, no managerial remuneration has been paid or provided during the year as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013. Accordingly, reporting under clause 3 (xi) of the Order is not applicable to the Company.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on the records of the Company examined by us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details thereof have been duly disclosed in Note 28 to the standalone financial statements as required by the applicable accounting standard.
- (xiv) According to the information and explanations given to us and based the records of the Company examined by us, the company has not made any preferential allotment/private placement of shares or fully or partially convertible debentures during the year. Accordingly, reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirements under clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order is not applicable to the Company.

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

P R Prasanna Varma
Partner

Place : Chennai
Date : June 19, 2020

M.No. 025854
UDIN: 20025854AAAABG7237

ANNEXURE 'B'

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 FINANCIAL STATEMENTS OF RANE ENGINE VALVE LIMITED FOR THE YEAR ENDED MARCH 31, 2020

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Varma & Varma**
Chartered Accountants
FRN. 0045325

P R Prasanna Varma
Partner

Place : Chennai
Date : June 19, 2020

M.No. 025854
UDIN: 20025854AAAAABG7237

BALANCE SHEET

AS AT MARCH 31, 2020

(₹ in Crores)

| Particulars | Note | As at March 31, 2020 | As at March 31, 2019 |
|---|------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current assets | | | |
| Property, Plant and Equipment | 2(A) | 107.96 | 124.98 |
| Right-of-use assets | 2(D) | 0.50 | - |
| Capital Work-in-Progress | 2(A) | 1.50 | 6.23 |
| Investment Property | 2(C) | 0.31 | 0.31 |
| Intangible Assets | 2(B) | 0.14 | 0.12 |
| Financial Assets | | | |
| - Investments | 3 | 0.94 | 0.94 |
| - Other Financial Assets | 4 | 4.95 | 4.71 |
| Deferred tax assets (net) | 10 | 25.51 | 16.57 |
| Tax Assets (net) | 9 | 7.52 | 7.50 |
| Other Non-Current Assets | 5 | 0.19 | 0.53 |
| Total Non-Current Assets | | 149.52 | 161.89 |
| Current Assets | | | |
| Inventories | 6 | 76.17 | 80.15 |
| Financial Assets | | | |
| - Trade Receivables | 7 | 62.60 | 83.56 |
| - Cash and Cash Equivalents | 8 | 0.98 | 2.19 |
| - Bank balances other than above | 8 | 0.09 | 0.14 |
| - Other Financial Assets | 4 | 2.92 | 2.63 |
| Other Current Assets | 5 | 10.17 | 12.52 |
| Total Current Assets | | 152.93 | 181.19 |
| Non-Current Assets classified as held for sale | 2(E) | 0.07 | - |
| TOTAL ASSETS | | 302.52 | 343.08 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 11 | 6.72 | 6.72 |
| Other Equity | 12 | 104.28 | 120.59 |
| Total equity | | 111.00 | 127.31 |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 13 | 33.73 | 36.39 |
| - Other Financial Liabilities | 14 | 0.35 | - |
| Provisions | 15 | 13.85 | 12.96 |
| Total non-current liabilities | | 47.93 | 49.35 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 13 | 77.49 | 81.51 |
| - Trade Payables | 16 | | |
| - Micro & Small Enterprises | | 0.14 | 0.73 |
| - Others | | 47.50 | 57.44 |
| - Other Financial Liabilities | 14 | 15.81 | 24.67 |
| Other Current Liabilities | 17 | 1.80 | 1.21 |
| Provisions | 15 | 0.86 | 0.86 |
| Total current liabilities | | 143.59 | 166.42 |
| Total Liabilities | | 191.52 | 215.77 |
| TOTAL EQUITY AND LIABILITIES | | 302.52 | 343.08 |
| Significant Accounting Policies and key accounting estimates and judgements | 1 | | |
| See accompanying notes to financial statements | 2-39 | | |

As per our report of even date attached

For **Varma & Varma**

Chartered Accountants

Firm Registration No. 004532S

P R Prasanna Varma

Partner

Membership No. 025854

Harish Lakshman

Vice Chairman

DIN : 00012602

Ganesh Lakshminarayan

Chairman

DIN : 00012583

Chennai
June 19, 2020**Murali K Rajagopalan**
Manager**V K Vijayaraghavan**
Chief Financial Officer**Kalidoss S**
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

| Particulars | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|-----------|------------------------------|------------------------------|
| Revenue | | | |
| Revenue from Operations | 19 | 354.99 | 422.63 |
| Other Income | 20 | 3.16 | 2.23 |
| Total Revenue | | 358.15 | 424.86 |
| Expenses | | | |
| Cost of Raw Materials Consumed | 21 | 137.94 | 184.45 |
| Purchase of Stock-in-Trade | 22 | 5.41 | 10.85 |
| Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade | 23 | 1.41 | (20.09) |
| Employee Benefits Expense | 24 | 103.64 | 111.53 |
| Finance Costs | 25 | 10.51 | 9.88 |
| Depreciation and Amortization | 2(A),2(B) | 28.09 | 30.53 |
| Other Expenses | 26 | 96.44 | 118.20 |
| Total Expenses | | 383.44 | 445.35 |
| Profit / (Loss) before exceptional items and tax | | (25.29) | (20.49) |
| Exceptional items | | - | - |
| Profit / (Loss) before tax | | (25.29) | (20.49) |
| Tax Expense: | | | |
| Current tax | | - | - |
| Deferred Tax | 10 | (8.95) | (6.92) |
| Profit / (Loss) for the year | | (16.34) | (13.57) |
| Other Comprehensive Income (OCI) | | | |
| (A) Items that will not be reclassified to statement of Profit and Loss | | | |
| (i) Remeasurement benefit/(loss) of defined benefit plans | | 0.23 | (0.16) |
| (ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans | | (0.08) | 0.06 |
| (B) Items that will be reclassified to statement of Profit and Loss | | | |
| (i) Effective portion of gains / (losses) on designated portion of hedging instruments in a cash flow hedge | | (0.19) | - |
| (ii) Income tax relating to items that will be reclassified to statement of profit and loss | | 0.07 | - |
| Total Comprehensive Income for the Year | | (16.31) | (13.67) |
| Earning per Equity Share: (Refer Note No.33) | | | |
| Basic | | (24.31) | (20.20) |
| Diluted | | (24.31) | (20.20) |
| Number of shares of ₹ 10 each | | 67,18,992 | 67,18,992 |
| Significant Accounting Policies and key accounting estimates and judgements | 1 | | |
| See accompanying notes to financial statements | 2-39 | | |

As per our report of even date attached

For **Varma & Varma**

Chartered Accountants

Firm Registration No. 004532S

For and on behalf of the Board

P R Prasanna Varma

Partner

Membership No. 025854

Harish Lakshman

Vice Chairman

DIN : 00012602

Ganesh Lakshminarayan

Chairman

DIN : 00012583

Chennai

June 19, 2020

Murali K Rajagopalan

Manager

V K Vijayaraghavan

Chief Financial Officer

Kalidoss S

Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| A. Cash flow from operating activities | | |
| Net profit / (loss) before tax | (25.29) | (20.49) |
| Adjustments for: | | |
| Depreciation & Amortisation Expense | 28.09 | 30.53 |
| Unrealised Foreign exchange loss / (gain) - net | (0.39) | 0.42 |
| Finance Costs | 10.51 | 9.88 |
| Interest Income | (0.25) | (0.69) |
| (Gain) / Loss on disposal of Property, Plant & Equipment - Net | 0.03 | - |
| Assets Written off / Loss on Retirement of Assets | - | 0.12 |
| Provision for bad debts and bad debts written off / (written back) | (1.62) | 3.68 |
| Provision no longer required and balances written back | (0.66) | (1.15) |
| Advances Written Off / Provision for Doubtful Advances | - | 0.21 |
| Operating profit before working capital changes | 10.42 | 22.51 |
| Adjustments for (Increase) / Decrease in : | | |
| Trade receivables | 23.31 | (8.02) |
| Non-Current and Current financial assets | (0.62) | (0.14) |
| Inventories | 3.98 | (21.78) |
| Other Non-current and Current assets | 2.29 | (4.27) |
| Trade payables | (10.23) | 8.95 |
| Non-Current and Current financial liabilities | (2.44) | 1.93 |
| Other Non-Current and Current liabilities | 0.59 | (0.20) |
| Non-Current and Current provisions | 1.12 | 1.70 |
| Cash generated from operating activities | 28.41 | 0.68 |
| Income taxes paid - net of refund | (0.02) | 1.67 |
| Net cash (used in)/generated from operating activities (A) | 28.39 | 2.35 |
| B. Cash flow from investing activities: | | |
| Purchase of Property, Plant and Equipment | (6.97) | (25.24) |
| Proceeds from sale of Property, Plant and Equipment | 0.01 | 0.00 |
| Purchase of Non-Current investments - Others | - | (0.90) |
| Interest received | 0.12 | 0.66 |
| Net cash (used in) / generated by investing activities (B) | (6.84) | (25.48) |
| C. Cash flow from financing activities: | | |
| Proceeds from Non-Current borrowings | 7.00 | 18.00 |
| Repayment of Non-Current borrowings | (14.68) | (13.26) |
| Proceeds from / (Repayment) of Current borrowings | (4.23) | 20.27 |
| Repayment of Interest Free Sales Tax Loan | (0.17) | (0.35) |
| Principal portion of Lease payments | (0.16) | - |
| Interest portion of Lease payments | (0.09) | - |
| Finance Costs paid | (10.38) | (9.82) |
| Dividend and Dividend tax paid | (0.05) | (0.07) |
| Net cash (used in) / generated by financing activities (C) | (22.76) | 14.77 |
| Net Increase / (Decrease) in cash equivalents (A)+(B)+(C) | (1.21) | (8.36) |

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Cash and cash equivalents at the beginning of the year | 2.19 | 10.55 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | - | - |
| Cash and cash equivalents - Closing Balance | 0.98 | 2.19 |
| Notes: | | |
| (a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash flow | | |
| (b) Cash and Cash Equivalents comprises of | | |
| Balance with Banks: | | |
| - Current Accounts | 0.52 | 2.17 |
| - Deposit with Bank with maturity less than 3 months | 0.40 | - |
| - Cash on hand | 0.06 | 0.02 |
| Cash and Cash Equivalents in Cash Flow Statement | 0.98 | 2.19 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

For and on behalf of the Board

P R Prasanna Varma
Partner
Membership No. 025854

Harish Lakshman
Vice Chairman
DIN : 00012602

Ganesh Lakshminarayan
Chairman
DIN : 00012583

Chennai
June 19, 2020

Murali K Rajagopalan
Manager

V K Vijayaraghavan
Chief Financial Officer

Kalidoss S
Company Secretary

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

| Particulars | Share Capital | Other Equity | | | | Other Equity |
|--|---------------|-----------------|-----------------|---------------|-------------------|--------------|
| | | Capital Reserve | General Reserve | Hedge Reserve | Retained Earnings | |
| Balance as at April 01, 2018 | 6.72 | 1.34 | 132.95 | - | 0.63 | 134.26 |
| Profit / (Loss) for the year | | | | | (13.57) | (13.57) |
| Other Comprehensive Income / (Loss) for the year, net of taxes | | | | | | |
| - Remeasurement of Defined Benefit Plans | | | | | | (0.66) |
| Balance as at March 31, 2019 | 6.72 | 1.34 | 132.95 | - | (12.94) | 120.59 |
| Profit / (Loss) for the year | | | | | (16.34) | (16.34) |
| Other Comprehensive Income / (Loss) for the year, net of taxes | | | | | | |
| - Remeasurement of Defined Benefit Plans | | | | | | (0.10) |
| - Effective portion of gains / (losses) on Cash Flow Hedge Instruments | | | | (0.12) | | (0.12) |
| Balance as at March 31, 2020 | 6.72 | 1.34 | 132.95 | (0.12) | (29.28) | 104.28 |

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For **Varma & Varma**

Chartered Accountants

Firm Registration No. 004532S

P R Prasanna Varma

Partner

Membership No. 025854

Harish Lakshman

Vice Chairman

DIN : 00012602

Ganesh Lakshminarayan

Chairman

DIN : 00012583

For and on behalf of the Board

Chennai
June 19, 2020**Murali K Rajagopalan**
Manager**V K Vijayaraghavan**
Chief Financial Officer**Kalidoss S**
Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. General Information

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

2. Summary of Significant accounting policies

2.1 Basis of Preparation

Compliance with Indian Accounting Standards (Ind AS):

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

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

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

2.2 Use of Estimates

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

Although these estimates are based on the management's best knowledge of current events

and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Property, Plant and Equipment

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

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

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

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

Depreciation

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

depreciation is provided at a such 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.

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

Depreciation charge on additions / deletions is restricted to the period of use. Depreciation methods, useful lives and residual values are reviewed annually. Assets costing individually upto ₹10,000 are fully depreciated in the year of purchase.

2.4 Investment Property

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

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

2.5 Intangible Assets

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

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

Amortization method and useful lives are reviewed annually.

2.6 Assets Held for Sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value less costs to sell. No depreciation is provided, once the asset is transferred to Assets Held for Sale.

2.7 Leases

Effective 1 April 2019, the Company adopted IndAS116 'Leases' and applied to all lease contracts existing on 1 April 2019 using the modified retrospective transition

method. Consequently, the lease liability is measured at the present value of remaining lease payments discounted at incremental borrowing rate applicable at the date of initial application and the right-of-use asset has been recognized at an amount equal to lease liability. Comparatives as at and for the year ended 31 March 2019 have not been adjusted and therefore will continue to be reported as per Ind AS 17.

As lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for low value underlying assets. For these short-term and leases for low value underlying assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of use assets and lease liabilities include these options when it is reasonably certain that the option to extend the lease will be exercised/option to terminate the lease will not be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation/ amortization and impairment losses.

Right-of-use assets are depreciated/amortized from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset by the end of lease term or if the cost of right-of-use assets reflects that the purchase option will be exercised. Otherwise, Right-of-use assets are depreciated /amortized from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment whether it will exercise an extension or a termination option.

In the comparative period, as lessee the leases were accounted as per Ind AS 17 and classified as finance lease and operating lease, and accounted as follows:

Accounting for finance leases

In the comparative period, leases of property, plant and equipment where the Company, as lessee has substantially all risks and rewards of ownership were classified as finance lease. On initial recognition, assets held under finance leases were recorded as property, plant and equipment and the related liability was recognized under borrowings. At inception of the lease, finance leases were recorded at amounts equal to the fair value of the leased asset or if lower the present value of the minimum lease payments. Minimum lease payments amounts under finance leases were apportioned between the finance cost and the reduction of the outstanding liability.

The finance cost was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Accounting for operating leases

In the comparative period, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases were recognized as an expense on a straight-line basis over the lease term unless the payments were structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease."

2.8 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognized.

2.9 Borrowing Cost

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

2.10 Inventories

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

2.11 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Subsequent Recognition

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

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

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

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 recognize the financial assets / liabilities ('hedged item') through formal documentation of the hedging relationship in line with the Company's Foreign currency risk management policy.

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

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

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

2.12 Revenue Recognition

Sale of goods

Revenue, comprising of sale Automobile components for transportation industry, is recognised when

performance obligation is satisfied and it is highly probable that a significant reversal will not occur. Revenue is recognised when control of the products being sold has transferred to customer and when there are no longer any unfulfilled obligations to the customer. This is generally on delivery to the customer but depending on individual customer terms, this can be at the time of dispatch or delivery. This is considered the appropriate point where the performance obligations are satisfied and the company no longer have control over the inventory. The transfer of control of products to customers is typically based on written sales terms that do not allow for a right of return.

Turnover comprises sales of goods after the deduction of discounts on sales. Discounts given includes rebates, price reductions, incentives given to customers and promotional couponing. Accumulated experience is used to estimate the discounts, using the most likely amount method;

The products are sold for on credit terms. The credit terms, which are established in accordance with industry practices, typically require payment within 45 days of delivery and may allow discounts for early payment."

Other Income

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

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

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

2.13 Insurance Claims

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

2.14 Employee Benefits

1. Short - Term employee benefits

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation Fund

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

3. Defined Benefit Plan

Gratuity

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

4. Other Long term employee benefits

Compensated Absence

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

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

2.15 Taxes on Income

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

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

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

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

2.16 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

NOTES FORMING PART OF FINANCIAL STATEMENTS

attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

i. Financial assets carried at amortized cost

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

ii. Financial assets at fair value through profit or loss

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

iii. Financial liabilities

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

Derecognition of financial instruments

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

Impairment

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

2.17 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

2.18 Government Grants

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

2.19 Research & Development Expenditure

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred. Items of property, plant and equipment and acquired Intangible assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for property, plant and equipment and intangible assets.

2.20 Provisions and Contingent Liabilities

Provisions : Provisions are recognized 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 recognized as a finance cost.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising

NOTES FORMING PART OF FINANCIAL STATEMENTS

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.

2.21 Earnings Per Share

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

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

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

3.1 Useful lives of property, plant and equipment

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

production or from a change in market demand of the product or service output of the asset.

3.2 Employee Benefits

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

3.3 Taxation

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

3.4 Provisions and contingencies

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

3.5 Estimation of uncertainties relating to the global health pandemic due to COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, deferred tax assets, inventories, trade receivables, and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information including credit reports/ related information and economic forecasts. While the COVID-19 may adversely impact the business in the short term, the management does not anticipate any material medium to long term risks to its business prospects. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects that the carrying amount of the aforementioned assets will be recovered

Given the uncertainties associated with nature and duration of the pandemic, the impact of COVID-19 on the Company's financial statement may differ from that estimated as at the date of approval of these financial statements. The company will continue to monitor future economic conditions and update its assessment.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------|-------------------------|-------------------------|
| Carrying amounts of: | | |
| Freehold land (Refer Note 18.3) | 1.98 | 2.05 |
| Buildings | 29.91 | 31.47 |
| Plant and equipment | 75.14 | 90.36 |
| Furniture and Fixtures | 0.45 | 0.62 |
| Office Equipments | 0.48 | 0.48 |
| Vehicles | 0.00 | 0.00 |
| | 107.96 | 124.98 |
| Capital Work-in-progress | | |
| - Plant and equipment | 1.50 | 6.23 |
| Total | 109.46 | 131.21 |

(₹ in Crores)

| Gross Block | Freehold Land | Buildings | Plant & Equipment | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|------------------------------|------------------|-----------|----------------------|-------------------------|---------------------|----------|--------|
| Balance as at March 31, 2018 | 2.05 | 35.65 | 146.41 | 1.57 | 2.45 | 0.01 | 188.14 |
| Additions | - | 0.82 | 22.43 | 0.18 | 0.29 | - | 23.72 |
| Disposals | - | - | 0.29 | - | 0.07 | - | 0.36 |
| Balance as at March 31, 2019 | 2.05 | 36.47 | 168.55 | 1.75 | 2.67 | 0.01 | 211.50 |
| Additions | - | 0.17 | 10.12 | 0.17 | 0.42 | - | 10.88 |
| Disposals* | 0.07 | - | 0.09 | 0.00 | 0.03 | - | 0.19 |
| Balance as at March 31, 2020 | 1.98 | 36.64 | 178.58 | 1.92 | 3.06 | 0.01 | 222.19 |

*Includes freehold land reclassified as held for sale - Refer Note No. 2(E)

(₹ in Crores)

| Accumulated depreciation | Freehold Land | Buildings | Plant & Equipment | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|--------------------------------------|------------------|-----------|----------------------|-------------------------|---------------------|----------|--------|
| Balance as at March 31, 2018 | - | 3.21 | 50.65 | 0.79 | 1.69 | 0.00 | 56.34 |
| Depreciation Expense | - | 1.79 | 27.72 | 0.34 | 0.56 | 0.01 | 30.42 |
| Eliminated on Disposals | - | - | 0.18 | - | 0.06 | - | 0.24 |
| Balance as at March 31, 2019 | - | 5.00 | 78.19 | 1.13 | 2.19 | 0.01 | 86.52 |
| Depreciation Expense for the year | - | 1.73 | 25.30 | 0.34 | 0.42 | 0.00 | 27.79 |
| Eliminated on Disposals | - | - | 0.05 | 0.00 | 0.03 | - | 0.08 |
| Balance as at March 31, 2020 | - | 6.73 | 103.44 | 1.47 | 2.58 | 0.01 | 114.23 |
| Carrying amount as at March 31, 2019 | 2.05 | 31.47 | 90.36 | 0.62 | 0.48 | 0.00 | 124.98 |
| Carrying amount as at March 31, 2020 | 1.98 | 29.91 | 75.14 | 0.45 | 0.48 | 0.00 | 107.96 |

Note 2(B) : Intangible Assets

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| Carrying amounts of: | | |
| Software Licenses | 0.14 | 0.12 |
| Total | 0.14 | 0.12 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Crores)

| Gross Block | Internally Generated Process Knowhow | Software Licenses | Total |
|--|--------------------------------------|-------------------|-------|
| Balance as at March 31, 2018 | 0.33 | 0.23 | 0.56 |
| Additions | - | 0.09 | 0.09 |
| Disposals | - | - | - |
| Balance as at March 31, 2019 | 0.33 | 0.32 | 0.65 |
| Additions | - | 0.12 | 0.12 |
| Disposals | - | - | - |
| Balance as at March 31, 2020 | 0.33 | 0.44 | 0.77 |
| Accumulated depreciation and impairment | | | |
| Balance as at March 31, 2018 | 0.30 | 0.12 | 0.42 |
| Eliminated on disposals | - | - | - |
| Amortisation expense | 0.03 | 0.08 | 0.11 |
| Balance as at March 31, 2019 | 0.33 | 0.20 | 0.53 |
| Eliminated on disposals | - | - | - |
| Amortisation expense for the year | - | 0.10 | 0.10 |
| Balance as at March 31, 2020 | 0.33 | 0.30 | 0.63 |
| Carrying amount as on March 31, 2019 | 0.00 | 0.12 | 0.12 |
| Carrying amount as on March 31, 2020 | 0.00 | 0.14 | 0.14 |

Note 2(C) : Investment Property

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|----------------------|----------------------|
| Carrying amounts at Cost : | | |
| Investment property - Land | 0.31 | 0.31 |
| Total | 0.31 | 0.31 |

Fair value of the Company's investment property :

(₹ in Crores)

| Particulars | Level 3 (Guideline Value) | |
|-------------|---------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Fair Value | 0.54 | 0.54 |

Note 2(D) : Right-of-Use Assets

| Particulars | Buildings | Vehicles | Total |
|--------------------------------------|-----------|----------|-------|
| Gross Block | | | |
| Balance as at March 31, 2019 | - | - | - |
| Additions | 0.50 | 0.20 | 0.70 |
| Disposals | - | - | - |
| Balance as at March 31, 2020 | 0.50 | 0.20 | 0.70 |
| Accumulated depreciation | | | |
| Balance as at March 31, 2019 | - | - | - |
| Eliminated on disposals | - | - | - |
| Amortisation expense for the year | 0.13 | 0.07 | 0.20 |
| Balance as at March 31, 2020 | 0.13 | 0.07 | 0.20 |
| Carrying amount as on March 31, 2020 | 0.37 | 0.13 | 0.50 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

| Other disclosures in relation to Leases | | (₹ in Crores) |
|---|------------------------------|---------------|
| Particulars | Year Ended March 31, 2020 | |
| Interest Expense on Lease Liabilities | Refer Note 25 | |
| Lease expenses related to short term leases | 1.15 | |
| Lease expenses related to low value assets | - | |
| Total Cash Outflow for Leases | 1.41 | |
| Maturity Analysis of Lease Obligation | Refer Note 32.3.3 | |

The Company has adopted Ind AS 116 Leases with a modified retrospective approach effective April 01, 2019. The adoption of this standard resulted in recognition of right-of-use assets and lease liabilities of ₹0.71 Crores as on the transition date. The above transition does not have a material impact on the financial results for the year ended March 31, 2020

Note 2(E) : Non-Current assets classified as held for sale

Represents carrying value of vacant land classified as held for sale based on management's decision. The sale is expected to be concluded within one year from the end of the financial year.

Note 3 : Non-Current Investments

(₹ in Crores)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-------------|----------------------|-------------|
| | Quantity | Amount | Quantity | Amount |
| Unquoted Investments | | | | |
| Investment in Equity instruments at FVTPL (Fully Paid up) | | | | |
| Capsol Energy Private Limited of ₹ 10. each | 9,00,000 | 0.90 | 9,00,000 | 0.90 |
| CWRE Wind Power Private Limited of ₹ 10. each | 568 | 0.00 | 462 | 0.00 |
| Clean Wind Power (Manvi) Private Limited of ₹ 10. each | 43,200 | 0.04 | 43,200 | 0.04 |
| Total Unquoted Investments | | 0.94 | | 0.94 |

Note 4 : Other Financial Assets

(₹ in Crores)

| Particulars | Non-Current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Unsecured and considered good unless otherwise stated : | | | | |
| Security Deposits | 4.92 | 4.45 | - | - |
| Rent Deposits | - | - | 0.52 | 0.52 |
| Interest accrued on Deposits | - | - | 0.39 | 0.27 |
| Rebate of GST on Exports Receivable | - | - | 1.68 | - |
| Duty Drawback Receivable | - | - | 0.17 | 0.37 |
| Insurance Claims Receivable | - | - | 0.02 | 1.34 |
| Deposits with Government Authorities | | | | |
| Customs Duty Receivable | 0.01 | 0.01 | - | - |
| Sales Tax receivable | 0.02 | 0.04 | - | - |
| Sales Tax paid under protest | - | 0.21 | - | - |
| Loans to employees | - | - | 0.14 | 0.13 |
| Total | 4.95 | 4.71 | 2.92 | 2.63 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 5 : Other Assets

(₹ in Crores)

| Particulars | Non-Current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Unsecured and considered good unless otherwise stated : | | | | |
| Capital Advances | 0.19 | 0.53 | - | - |
| Prepaid Expenses | - | - | 1.93 | 1.71 |
| MEIS Scrips received | - | - | 0.19 | 1.17 |
| MEIS Receivable | - | - | 3.47 | 5.44 |
| Advances to Employees | - | - | 0.22 | 0.15 |
| Balance with government authorities | | | | |
| Customs | - | - | 0.01 | 0.06 |
| Goods and Service Tax | - | - | 3.30 | 3.23 |
| Other Advances | | | | |
| Considered Good | - | - | 1.05 | 0.76 |
| Total | 0.19 | 0.53 | 10.17 | 12.52 |

Note 6 : Inventories

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Valued at Lower of Cost or Realisable value | | |
| Raw Materials (including Goods in Transit) | 16.50 | 18.86 |
| Work in Progress | 11.18 | 14.14 |
| Finished Goods (Refer Note. No.6.3) | 35.22 | 33.04 |
| Stock in Trade | 1.23 | 1.86 |
| Stores and Spares | 12.04 | 12.25 |
| Total | 76.17 | 80.15 |

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

6.2 The cost of inventories recognized as an expense includes ₹ (0.98) Crores (during 2018-19: ₹ 1.78 Cr) in respect of write-downs of inventory to net realizable value.

6.3 Finished Goods includes Goods in Transit of ₹ 7.07 Crores (₹ 20.11 Crores).

6.4 The mode of valuation of inventories has been stated in note 2.10

Note 7 : Trade Receivables

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Unsecured | | |
| Trade Receivables - Considered good (Refer Note. No.7.2) | 62.60 | 83.56 |
| Trade Receivables - Credit impaired | 3.34 | 4.96 |
| | 65.94 | 88.52 |
| Expected credit loss allowance | (3.34) | (4.96) |
| Total | 62.60 | 83.56 |

7.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience based on : a) Past trend of outstanding receivables > 120 days over a rolling period of past 24 months ; b) Past trend of the actual amount of bad debts written off over a rolling period of past 24 months and c) actual amount of outstanding receivables greater than 120 days as on the reporting date. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The range of provision created as a percentage of outstanding under various age groups below 120 days past ranges between 0.69% to 23.51%.

NOTES FORMING PART OF FINANCIAL STATEMENTS

| | (₹ in Crores) | |
|---|------------------------------|------------------------------|
| Movement in expected credit loss allowance | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Balance at beginning of the year | 4.96 | 1.28 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | - | 3.68 |
| Amount written back during the year | (1.62) | (0.00) |
| Balance at end of the year | 3.34 | 4.96 |

7.2 Trade Receivables - considered good includes due from related parties of ₹ 0.15 Crores (₹ 0.88 Crores)

Note 8 : Cash and Cash Equivalents

| | (₹ in Crores) | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2020 | As at March 31, 2019 |
| Cash and cash equivalents | | |
| Balance with banks | | |
| In Current Accounts | 0.52 | 2.17 |
| In Deposit Accounts | 0.40 | - |
| Cash on hand | 0.06 | 0.02 |
| Total | 0.98 | 2.19 |
| Bank balances other than above | | |
| Earmarked balances with banks | | |
| Unclaimed Dividend accounts | 0.08 | 0.13 |
| Unclaimed REVL Fractional Shares account | 0.01 | 0.01 |
| Total | 0.09 | 0.14 |

Note 9 : Tax Assets / Liabilities (Net)

| | (₹ in Crores) | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2020 | As at March 31, 2019 |
| Tax Assets | | |
| Advance Income Tax (including Tax Deducted at Source) | 68.93 | 68.91 |
| Less : Provision for Income Tax | (61.41) | (61.41) |
| Total | 7.52 | 7.50 |

Note 10: Deferred Tax

(₹ in Crores)

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------|-------------------------|-------------------------|
| Deferred tax assets | 25.53 | 18.75 |
| Deferred tax liabilities | (0.02) | (2.18) |
| Total | 25.51 | 16.57 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

| 2019-20 | Opening balance | Recognized in profit or loss | Recognized in Other comprehensive income | Recognized directly in other equity | Closing balance |
|---|-----------------|------------------------------|--|-------------------------------------|-----------------|
| Deferred tax (liabilities)/asset in relation to | | | | | |
| Property plant and equipment and Intangible Assets | (2.18) | 2.79 | - | - | 0.61 |
| Expenses allowable under tax on actual payment basis | 5.62 | 0.28 | | | 5.90 |
| Voluntary Retirement Compensation Scheme | 0.70 | (0.64) | | | 0.06 |
| Provision for doubtful debts | 1.74 | (0.57) | | | 1.17 |
| Remeasurement benefit/(loss) of defined benefit plans | 0.06 | - | (0.08) | | (0.02) |
| Effective portion of gains / (losses) on designated portion of hedging instruments in a cash flow hedge | - | | | 0.07 | 0.07 |
| Unused Tax losses - unabsorbed depreciation | 6.68 | 7.09 | | | 13.77 |
| Unused Tax Credit - MAT Credit Entitlement | 3.95 | - | | | 3.95 |
| Net Deferred Tax Asset / (Liability) | 16.57 | 8.95 | (0.08) | 0.07 | 25.51 |

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

10.2 Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 ("the Ordinance") issued on September 20, 2019, corporate assesseees have been given an option to apply a lower income tax rate with effect from April 01, 2019 subject to certain conditions specified therein. Based on an evaluation of the comparative tax costs considering the future performance forecasts, the management is of the opinion that it would not be beneficial for the company to avail the option under the Ordinance as above till the year in which the company's unused tax losses and MAT Credit entitlements are fully utilised. Accordingly, there is no impact at present in the measurement of tax expense for the year ended March 31, 2020 and the Deferred Tax Asset (net) as on that date.

Note 11 : Authorized Share Capital

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Authorized Share Capital | | |
| 1,23,50,000 Equity Shares (1,23,50,000 Equity Shares) of ₹ 10 each | 12.35 | 12.35 |
| 1,50,000 13.5% Preference Shares (1,50,000 Preference Shares) of ₹ 10 each | 0.15 | 0.15 |
| | 12.50 | 12.50 |
| Issued, Subscribed and Fully Paid Up | | |
| 67,18,992 Equity Shares (67,18,992 Equity Shares) of ₹ 10 each | 6.72 | 6.72 |
| Total | 6.72 | 6.72 |

11.1 Reconciliation of number of shares

| Particulars | 2019-20 | | 2018-19 | |
|---|--------------|--------|--------------|--------|
| | No of Shares | Amount | No of Shares | Amount |
| Equity Shares of ₹ 10 each fully paid up | | | | |
| At the beginning of the period | 67,18,992 | 6.72 | 67,18,992 | 6.72 |
| Additions / (Deletions) during the year | - | - | - | - |
| At the end of the period | 67,18,992 | 6.72 | 67,18,992 | 6.72 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

| Name of Shareholder | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Rane Holdings Limited, the Holding Company | 36,83,054 | 54.82 | 36,83,054 | 54.82 |
| Enam Share and Securities Private Limited | 4,78,890 | 7.13 | 4,78,890 | 7.13 |

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

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

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

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

Note 12 : Other Equity

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------|----------------------|----------------------|
| Capital Reserve | 1.34 | 1.34 |
| General Reserve | 132.95 | 132.95 |
| Cash Flow Hedge Reserve | (0.12) | - |
| Retained Earnings | (29.89) | (13.70) |
| Total | 104.28 | 120.59 |

12.1 Capital Reserve

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|----------------------|----------------------|
| Opening Balance | 1.34 | 1.34 |
| Add : Additions during the year | - | - |
| Less : Deductions during the year | - | - |
| Closing balance | 1.34 | 1.34 |

12.2 General Reserve

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|----------------------|----------------------|
| Opening Balance | 132.95 | 132.95 |
| Add : Additions during the year | - | - |
| Less : Deductions during the year | - | - |
| Closing balance | 132.95 | 132.95 |

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

12.3 Hedge Reserve

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|-------------------------|-------------------------|
| Opening Balance | - | - |
| Add : Additions during the year | (0.12) | - |
| Less : Deductions during the year | - | - |
| Closing balance | (0.12) | - |

The cumulative effective portion of gain or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss and are included as an adjustment to the cost of the related hedged item.

The Company has designated certain foreign currency contracts as cash flow hedges in respect of foreign exchange risks.

12.4 Retained Earnings

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Balance at the beginning of the year | (13.70) | (0.03) |
| Add:- | | |
| Net Profit/(Loss) after tax transferred from Statement of Profit and Loss | (16.34) | (13.57) |
| Other comprehensive income / (Loss) arising from remeasurement of defined benefit obligation net of income tax | 0.15 | (0.10) |
| Closing Balance | (29.89) | (13.70) |

Note 13 : Borrowings

(₹ in Crores)

| Particulars | Non-Current | | Current | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Secured | | | | |
| Term Loans from Banks (Refer Note 13.1, 13.2 & 13.3) | 33.73 | 36.39 | 9.67 | 14.69 |
| Loans repayable on demand from banks (Refer Note 13.4) | - | - | 75.12 | 78.68 |
| Unsecured | | | | |
| Bill Discounting from Banks | - | - | 2.37 | 2.83 |
| Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note No.13.5) | - | - | - | 0.17 |
| | 33.73 | 36.39 | 87.16 | 96.37 |
| Amount included under the head "Other Financial Liabilities" (Refer Note 14) | - | - | (9.67) | (14.86) |
| | 33.73 | 36.39 | 77.49 | 81.51 |

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

13.2 Details of the long term borrowings

| Particulars | Repayment Start Date | O/s. Amt. as on March 31, 2020 (₹ Crores) | Current Maturities (₹ Crores) | Interest Rate | Instalment Amt. (₹ Crores) | No. of Quarterly Instalments as per agreement |
|------------------|----------------------|---|-------------------------------|---------------|----------------------------|---|
| Rupee Term Loans | | | | | | |
| HDFC Bank Ltd | | | | | | |
| Loan 1 | Oct-2016 | 1.25 | 1.25 | 9.70% | 0.63 | 16 |
| Loan 2 | Nov-2016 | 2.25 | 2.25 | 9.70% | 1.13 | 16 |
| Loan 3 | Oct-2019 | 14.97 | 3.00 | 9.00% | 1.50 | 12 |
| Loan 4 | Feb-2022 | 5.97 | - | 8.75% | 0.50 | 12 |
| Federal Bank Ltd | Nov-2020 | 18.96 | 3.17 | 8.70% | 1.58 | 12 |
| | | 43.40 | 9.67 | | | |

13.3 The Company has opted to avail the moratorium announced by RBI vide notification dated March 27, 2020 and May 23, 2020 as part of COVID-19 regulatory package consequent to which Term Loan principal repayment from April 2020 to August 2020 has been rescheduled.

13.4 i) Short term borrowings are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the company on Pari-passu basis.

ii) Bill discounting from Banks represents liability in respect of vendor financing facility availed by certain Customers with recourse to the Company.

iii) None of the above loans have been guaranteed by any Directors or others.

13.5 Represents liability arising out of deferment of sales tax for a period of 14 years from 1996 to 2010. The Company should continue to be in operation and there should not be any change in location or management of the company until the loan is fully repaid.

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

Note 14 : Other Financial Liabilities

(₹ in Crores)

| Particulars | Non-Current | | Current | |
|---|----------------------|----------------------|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Current Maturities of Long Term Borrowings (Refer Note No.14.1) | - | - | 9.67 | 14.86 |
| Interest accrued but not due on borrowings | - | - | 0.47 | 0.43 |
| Unclaimed Dividends (Refer Note. No.35) | - | - | 0.08 | 0.13 |
| Unclaimed REVL Fractional Shares | - | - | 0.01 | 0.01 |
| Security / Trade Deposits | - | - | 0.08 | 1.32 |
| Employee Related dues | - | - | 4.12 | 5.49 |
| Payable on Purchase of Fixed Assets | - | - | 0.68 | 1.79 |
| Provision for Forward Contracts / Derivatives (Net) | - | - | 0.29 | 0.27 |
| Lease obligations | 0.35 | - | 0.19 | - |
| Others | - | - | 0.22 | 0.37 |
| Total | 0.35 | - | 15.81 | 24.67 |

14.1 Current maturities of long term borrowings :

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Current Maturities of Long Term Debt | 9.67 | 14.69 |
| Current Maturities of IFST Loan | - | 0.17 |
| Total | 9.67 | 14.86 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 15 : Provisions

(₹ in Crores)

| Particulars | Non-Current | | Current | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Provision for employee benefits (Refer Note 29) | | | | |
| Gratuity (Funded) | 6.83 | 6.03 | 0.50 | 0.47 |
| Leave Encashment (Unfunded) | 7.02 | 6.93 | 0.36 | 0.39 |
| Total | 13.85 | 12.96 | 0.86 | 0.86 |

Note 16 : Trade Payables

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Micro & Small Enterprises (Refer Note No.37) | 0.14 | 0.73 |
| Related Parties | 2.63 | 1.54 |
| Others | 44.87 | 55.90 |
| Total | 47.64 | 58.17 |

Note 17 : Other Liabilities

(₹ in Crores)

| Particulars | Non-Current | | Current | |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Advance from Customers | - | - | 0.71 | 0.12 |
| Statutory Dues | - | - | 1.09 | 1.09 |
| Total | - | - | 1.80 | 1.21 |

Note 18 : Contingent Liabilities and Commitments

18.1 Contingent Liabilities

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Claims against the company not acknowledged as debt | | |
| Labour Disputes | 0.22 | 0.39 |
| Income Taxes | 3.63 | 4.30 |
| Indirect Taxes | 0.66 | 0.82 |
| Others | 0.73 | 0.73 |
| Guarantees & Letter of Credits issued by the Banks | 6.33 | 7.73 |
| Total | 11.57 | 13.97 |

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

18.2 Capital Commitments

(₹ in Crores)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 0.65 | 3.19 |

18.3 Other commitments

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 19 : Revenue from Operations

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Sale of products (Refer Note No. 19.1) | 351.43 | 416.49 |
| Less : Discounts | 4.02 | 3.72 |
| | 347.41 | 412.77 |
| Sale of services | 0.02 | 0.23 |
| Sub-Total | 347.43 | 413.00 |
| Other operating revenues (Refer Note No.19.2) | 7.56 | 9.63 |
| Total | 354.99 | 422.63 |

19.1 Sale of Products Comprises :

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---------------------------|------------------------------|------------------------------|
| Manufactured Goods | | |
| Valves | 323.63 | 376.30 |
| Guides | 13.41 | 19.77 |
| Tappets | 1.66 | 3.31 |
| | 338.70 | 399.38 |
| Traded Goods | | |
| Valves | 10.30 | 14.06 |
| Guides | 1.20 | 1.65 |
| Piston Assembly | 1.11 | 1.29 |
| Valve Stem Seal | 0.12 | 0.11 |
| | 12.73 | 17.11 |
| Total | 351.43 | 416.49 |

19.2. Other Operating Revenue Comprises:

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---------------------------|------------------------------|------------------------------|
| Sale of Materials | 1.21 | 0.69 |
| Sale of Scrap | 2.71 | 3.92 |
| Export Incentive Receipts | 3.64 | 5.02 |
| Total | 7.56 | 9.63 |

Note 20 : Other Income

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Interest Income - On Financial Assets (at amortized cost) | 0.25 | 0.46 |
| Interest on Income Tax Refund | - | 0.23 |
| Provision no longer required and balances written back | 2.28 | 1.15 |
| Other non-operating income | 0.63 | 0.39 |
| Total | 3.16 | 2.23 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 21 : Cost of Raw Materials Consumed

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------|------------------------------|------------------------------|
| Opening Stock | 18.86 | 16.78 |
| Add : Purchases | 116.68 | 162.45 |
| Less : Closing Stock | 16.50 | 18.86 |
| Sub-Total | 119.04 | 160.37 |
| Freight Inward | 2.22 | 2.57 |
| Job Work Expenses | 16.68 | 21.51 |
| Total | 137.94 | 184.45 |

Note 22 : Purchase of Stock-in-Trade

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------------|------------------------------|------------------------------|
| Valves | 4.95 | 9.42 |
| Piston Assembly | 0.37 | 1.34 |
| Valve Stem Seal | 0.09 | 0.09 |
| Total | 5.41 | 10.85 |

Note 23 : Changes in inventories

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Inventories at the beginning of the year: | | |
| Finished goods | 33.04 | 16.82 |
| Work-in-progress | 14.14 | 11.25 |
| Stock-in-Trade | 1.86 | 0.88 |
| Total | 49.04 | 28.95 |
| Less: Inventories at the end of the year: | | |
| Finished goods | 35.22 | 33.04 |
| Work-in-progress | 11.18 | 14.14 |
| Stock-in-Trade | 1.23 | 1.86 |
| Total | 47.63 | 49.04 |
| Net (increase) / decrease | 1.41 | (20.09) |

Note 24 : Employee Benefits Expense

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Salaries and Wages | 87.29 | 94.51 |
| Contributions to Provident and other Funds | 6.45 | 6.07 |
| Staff welfare expenses | 9.90 | 10.95 |
| Total | 103.64 | 111.53 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 25 : Finance Costs

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Borrowing Cost on Loans carried at amortized cost | | |
| Interest expense | | |
| - Term Loans | 4.14 | 4.44 |
| - Bank Overdrafts & Others | 5.90 | 4.91 |
| - Lease Obligations | 0.09 | - |
| Other borrowing costs | 0.05 | 0.15 |
| Net (gain) / loss on foreign currency transactions and translation | 0.33 | 0.38 |
| | 10.51 | 9.88 |
| Finance costs on liabilities carried at amortized cost | - | - |
| Total | 10.51 | 9.88 |

Note 26 : Other Expenses

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Stores and Tools consumed (Refer Note No.27.3) | 23.52 | 29.64 |
| Power and Fuel | 23.24 | 28.64 |
| Trade Mark Fees | 1.74 | 2.06 |
| Repairs and Maintenance | | |
| Plant and Equipment | 10.28 | 12.72 |
| Buildings | 0.11 | 0.26 |
| Others | 2.82 | 2.13 |
| Rent | 1.19 | 1.43 |
| Insurance | 1.43 | 1.42 |
| Rates and Taxes | 1.20 | 1.61 |
| Travelling and Conveyance | 3.33 | 3.43 |
| Printing & Stationery | 0.43 | 0.48 |
| Postage & Telecom Expenses | 0.40 | 0.47 |
| Professional and legal expenses | 4.83 | 5.31 |
| Information Systems | 2.47 | 2.51 |
| Selling and Distribution Expenses | | |
| Packing and Forwarding | 8.57 | 7.44 |
| Freight Outward | 5.46 | 8.24 |
| Advertisement and Sales Promotion | 1.49 | 1.24 |
| Commission | 0.28 | 0.51 |
| Expected Credit Loss allowance | - | 3.68 |
| Directors' Sitting Fees | 0.09 | 0.10 |
| Audit Fees (Refer Note No. 27.1) | 0.18 | 0.18 |
| Loss on Sale of Assets (Net) | 0.03 | - |
| Assets Written Off | 0.00 | 0.12 |
| Advances / Claims Written Off | 0.00 | 0.21 |
| Exchange Loss (Net) - Other than considered under Finance Costs | 0.38 | 1.63 |
| Bank Charges | 0.94 | 0.87 |
| Administrative Expenses | 0.07 | 0.07 |
| Miscellaneous Expenses | 1.96 | 1.80 |
| Total | 96.44 | 118.20 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 27.1 : Auditor's Remuneration

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------------|------------------------------|------------------------------|
| a. as auditors - statutory audit | 0.10 | 0.10 |
| b. for taxation matters | 0.02 | 0.02 |
| c. for other services | 0.06 | 0.06 |
| Total | 0.18 | 0.18 |

Note 27.2 : Raw Materials Consumed

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|------------------------------|------------------------------|
| Imported | 43.03 | 62.75 |
| Imported % to total | 36.14% | 39.13% |
| Indigenous | 76.01 | 97.62 |
| Indigenous % to total | 63.86% | 60.87% |
| Total | 119.04 | 160.37 |
| Total % | 100.00% | 100.00% |

Note 27.3 : Stores and Tools Consumed

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|------------------------------|------------------------------|
| Imported | 0.21 | 0.22 |
| Imported % to total | 0.91% | 0.75% |
| Indigenous | 23.31 | 29.42 |
| Indigenous % to total | 99.09% | 99.25% |
| Total | 23.52 | 29.64 |
| Total % | 100.00% | 100.00% |

Note 27.4 : CIF Value of Imports

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------------------------|------------------------------|------------------------------|
| Raw materials; | 37.99 | 61.84 |
| Components and spare parts; | 0.65 | 1.60 |
| Capital goods; | 0.27 | 1.50 |
| Total | 38.91 | 64.94 |

Note 27.5 : Expenditure in foreign currency

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------------|------------------------------|------------------------------|
| Professional and consultation fees | 0.84 | 1.00 |
| Finance Cost | 0.46 | 0.45 |
| Marketing Service Fees | 1.24 | 1.07 |
| Job Charges / Segregation charges | 3.65 | 2.02 |
| Commission | - | 0.03 |
| Foreign Travel | 0.02 | - |
| Others | 0.02 | - |
| Total | 6.23 | 4.57 |

Note 27.6 : Earnings in Foreign Currency

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Export of goods calculated on F.O.B. basis (including deemed exports) | 108.57 | 124.91 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 28 : Related party Disclosures

List of related parties where control exists

Holding company : Rane Holdings Limited (RHL)

Other related parties where transactions have taken place during the year

Fellow Subsidiaries : Rane Madras Limited (RML)
Rane Brake Lining Limited
Rane Holding America Inc (RHAI)
Rane Holding Europe GmbH (RHEG)

Key Management Personnel : Mr L Ganesh - Chairman and Managing Director
Mr Harish Lakshman - Vice Chairman

Relatives of Key Management Personnel : Mr L Lakshman

Joint ventures of Holding Company : JMA Rane Marketing Limited (upto 14.11.2018)

Post employment benefit plan of the entity : Rane Engine Valve Limited Employees Gratuity Fund
Rane Engine Valve Limited Senior Executives Pension Fund

| Description | Holding Company | | Fellow Subsidiaries | | Key Management Personnel | | Relatives of Key Management Personnel | | Post employment benefit plan | | Total | |
|--|-----------------|-------|---------------------|-------|--------------------------|-------|---------------------------------------|-------|------------------------------|-------|--------|-------|
| | 19-20 | 18-19 | 19-20 | 18-19 | 19-20 | 18-19 | 19-20 | 18-19 | 19-20 | 18-19 | 19-20 | 18-19 |
| Material transactions during the year | | | | | | | | | | | | |
| Sitting fee | - | - | - | - | 0.01 | 0.01 | 0.02 | 0.02 | - | - | 0.03 | 0.03 |
| Remuneration Paid | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Mark Fees Paid | 1.74 | 2.06 | - | - | - | - | - | - | - | - | 1.74 | 2.06 |
| Reimbursement of Expenses Dr/(Cr) | | | | | | | | | | | | |
| - RHL | - | 0.04 | - | - | - | - | - | - | - | - | - | 0.04 |
| - RBL | - | - | 0.01 | - | - | - | - | - | - | - | 0.01 | - |
| - RML | - | - | 0.02 | - | - | - | - | - | - | - | 0.02 | - |
| Reimbursement of Employee Benefit expenses Dr/(Cr) | | | | | | | | | | | | |
| - RBL | - | - | (0.05) | - | - | - | - | - | - | - | (0.05) | - |
| - RML | - | - | 0.02 | - | - | - | - | - | - | - | 0.02 | - |
| Sale of Valve | | | | | | | | | | | | |
| - RML | - | - | 3.60 | 6.47 | - | - | - | - | - | - | 3.60 | 6.47 |
| - JMA Rane Marketing (upto 14.11.2018) | - | - | - | 0.83 | - | - | - | - | - | - | - | 0.83 |
| Services Received | | | | | | | | | | | | |
| - RHL | 4.17 | 4.26 | - | - | - | - | - | - | - | - | 4.17 | 4.26 |
| - RHAI | - | - | 0.75 | 0.58 | - | - | - | - | - | - | 0.75 | 0.58 |
| - RHEG | - | - | 0.50 | 0.49 | - | - | - | - | - | - | 0.50 | 0.49 |
| Contributions to Post employment benefit plan | - | - | - | - | - | - | - | - | 1.67 | 1.46 | 1.67 | 1.46 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Crores)

| Description | Holding Company | | Fellow Subsidiaries | | Post employment benefit plan | | Total | |
|------------------------------------|-----------------|----------------|---------------------|----------------|------------------------------|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Outstanding as at | | | | | | | | |
| Amount Payable / (Advance) - Trade | | | | | | | | |
| - RHL | 2.31 | 1.53 | - | - | - | - | 2.31 | 1.53 |
| - RHAI | - | - | 0.26 | 0.01 | - | - | 0.26 | 0.01 |
| - RHEG | - | - | 0.07 | (0.03) | - | - | 0.07 | (0.03) |
| - Post Employment benefit plan | - | - | - | - | - | 0.02 | - | 0.02 |
| Amount Receivable - Trade | | | | | | | | |
| - RHL | - | - | - | - | - | - | - | - |
| - RML | - | - | 0.15 | 0.88 | - | - | 0.15 | 0.88 |

Note 29 : Employee Benefit Plans

A. Defined contribution plans

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

(a) Provident fund and pension

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

(b) Superannuation fund

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

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

The total expense recognised in profit or loss of ₹ 3.92 Crores (for the year ended March 31, 2019: ₹ 3.76 Crores) represents contributions payable to these plans by the company at rates specified in the rules of the plans.

B. Defined benefit plans :

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

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity funds established as trusts or insurance companies. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

C. Details of defined benefit obligation and plan assets:

Gratuity

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Opening defined benefit obligation | 20.49 | 18.02 |
| Current service cost | 2.46 | 1.85 |
| Interest Cost | 1.24 | 1.41 |
| Re-measurement (gains)/losses: | | |
| - Actuarial gains and losses arising from changes in demographic assumptions | (0.04) | (0.04) |
| - Actuarial gains and losses arising from changes in financial assumptions | - | - |
| Benefits paid | (1.35) | (0.75) |
| Closing defined benefit obligation | 22.80 | 20.49 |

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Opening fair value of plan assets | 13.99 | 12.70 |
| Interest income | 1.02 | 1.00 |
| Actuarial gain / (loss) | 0.19 | (0.20) |
| Contributions from the employer | 1.46 | 1.24 |
| Benefits Paid | (1.19) | (0.75) |
| Closing fair value of plan assets | 15.47 | 13.99 |

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Present value of funded defined benefit obligation | 22.80 | 20.49 |
| Fair value of plan assets | (15.47) | (13.99) |
| Funded status | 7.33 | 6.50 |
| Restrictions on asset recognised | - | - |
| Others (describe) | - | - |
| Net liability arising from defined benefit obligation | 7.33 | 6.50 |

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Service Cost : | | |
| Current service cost | 2.46 | 1.85 |
| Past service cost and (gain) / loss from settlements | - | - |
| Net Interest Expense | 0.21 | 0.41 |
| Components of defined benefit costs recognised in profit or loss | 2.67 | 2.26 |
| Remeasurement on the net defined benefit liability : | | |
| Actuarial gains / (losses) arising from changes in demographic assumptions | 0.04 | 0.04 |
| Actuarial gains / (losses) arising from changes in financial assumptions | 0.19 | (0.20) |
| Components of defined benefit costs recognised in other comprehensive income | 0.23 | (0.16) |

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

(v) Risk Exposure

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

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

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

| Assumptions | March 31,2020 | March 31,2019 |
|-----------------------------------|---------------|---------------|
| Discount rate | 6.22% | 8.00% |
| Expected rate of salary increases | 4.5% - 7% | 4.5% - 7% |
| Expected rate of attrition | 5.00% | 5.00% |
| Average age of members | 44.13 | 42.54 |
| Average remaining working life | 13.87 | 15.46 |

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

Sensitivity Analysis

| Assumptions | March 31,2020 | March 31,2019 |
|----------------------------------|---------------|---------------|
| A. Discount Rate + 50 BP | 6.72% | 8.50% |
| Defined Benefit Obligation [PVO] | (0.19) | (0.08) |
| Current Service Cost | (0.13) | (0.14) |
| B. Discount Rate - 50 BP | 5.72% | 7.50% |
| Defined Benefit Obligation [PVO] | 0.19 | 0.08 |
| Current Service Cost | 0.11 | 0.13 |
| C. Salary Escalation Rate +50 BP | 5% - 7.5% | 5% - 7.5% |
| Defined Benefit Obligation [PVO] | 0.21 | 0.08 |
| Current Service Cost | 0.12 | 0.16 |
| D. Salary Escalation Rate -50 BP | 4% - 6.5% | 4% - 6.5% |
| Defined Benefit Obligation [PVO] | (0.20) | (0.08) |
| Current Service Cost | (0.11) | (0.16) |

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

Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 9.52 years (2019-10.72 years). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars | March 31,2020 | March 31,2019 |
|--------------|---------------|---------------|
| Year 1 | 0.89 | 0.77 |
| Year 2 | 0.92 | 0.85 |
| Year 3 | 0.97 | 0.90 |
| Year 4 | 1.03 | 0.96 |
| Year 5 | 1.14 | 1.02 |
| Next 5 Years | 5.33 | 5.08 |

NOTES FORMING PART OF FINANCIAL STATEMENTS

D. Other Long Term Employee Benefits - Leave Obligations

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

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

| Assumptions | March 31, 2020 | March 31, 2019 |
|-----------------------------------|----------------|----------------|
| Discount rate | 6.22% | 8.00% |
| Expected rate of salary increases | 4.5% - 7% | 4.5% - 7% |
| Expected rate of attrition | 5.00% | 5.00% |
| Average age of members | 44.13 | 42.54 |
| Average remaining working life | 13.87 | 15.46 |

Note 30. SEGMENT REPORTING

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

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

30.2 Geographical Information

(₹ in Crores)

| Particulars | Revenue from operations from external customers | | Non - current assets** | |
|--|---|----------------------|------------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| India | 245.71 | 296.51 | 110.11 | 132.17 |
| Rest of World (including deemed exports) | 109.28 | 126.12 | - | - |
| Total | 354.99 | 422.63 | 110.11 | 132.17 |

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

30.3 Information about major customers

Revenue from sale of auto components to largest customers (greater than 10% of total sales) is ₹ 49.39 Crores (previous year ₹ 94.26 Crores)

Note 31 : Income Taxes

(₹ in Crores)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|---------------------------|---------------------------|
| A. The major components of income tax expense for the year are as under : | | |
| i) Income tax recognised in the Statement of profit and loss | | |
| Current tax: | | |
| In respect of current year | - | - |
| Adjustments in respect of prior years | - | - |
| Deferred tax: | | |
| In respect of current year | (8.95) | (6.92) |
| Minimum Alternate Tax (MAT) | - | - |
| Income tax expense recognised in the Statement of Profit and Loss | (8.95) | (6.92) |
| ii) Income tax expense recognised in OCI | | |
| Deferred tax: | | |
| Deferred tax expense on items recognised in OCI | 0.01 | (0.06) |
| Income tax expense recognised in OCI | 0.01 | (0.06) |
| Total income tax expense /(gain) recognised in the Statement of Profit and Loss | (8.94) | (6.98) |

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Profit / (Loss) before tax | (25.29) | (20.49) |
| Income Tax expense calculated at 34.944% | (8.84) | (7.16) |
| Effect of expenses that are not deductible in determining taxable profit | (0.11) | (0.09) |
| Effect of previously unrecognized deductible temporary differences now recognized | (0.00) | 0.29 |
| Others | - | 0.04 |
| Income Tax expense / (gain) recognized in profit or loss | (8.95) | (6.92) |

The tax rate used for the reconciliations above is the corporate tax rate of 34.944% payable by corporate entities in India on taxable profits under the Indian tax law.

Note 32 : Financial Instruments

32.1 Capital management

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

32.2 Categories of financial instruments

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Financial assets | | |
| Measured at fair value through profit or loss (FVTPL) | | |
| (a) Mandatorily measured: | | |
| - Equity investments | 0.94 | 0.94 |
| - Derivative instruments | - | - |
| Measured at amortised cost | | |
| - Trade receivables | 62.60 | 83.56 |
| - Cash and cash equivalents | 0.98 | 2.19 |
| - Other bank balances | 0.09 | 0.14 |
| - Other financial assets (Current) | 2.92 | 2.63 |
| - Other financial assets (Non-Current) | 4.95 | 4.71 |
| Financial liabilities | | |
| Measured at fair value through profit or loss (FVTPL) | | |
| - Derivative instruments | 0.29 | 0.27 |
| Measured at amortised cost | | |
| - Borrowings (Long-term) | 33.73 | 36.39 |
| - Borrowings (Short-term) | 77.49 | 81.51 |
| - Trade payables | 47.64 | 58.17 |
| - Other Financial liabilities | 16.16 | 24.67 |

Fair value hierarchy

| Particulars | Fair value Hierarchy | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|-------------------------|
| - Derivative instruments (Forward contracts) | Level-2 | (0.29) | (0.27) |
| - Equity investments | Level-3 | 0.94 | 0.94 |

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

32.3 Financial risk management

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

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

32.3.1 Market Risk

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

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

(a) Interest rate risk

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

(b) Foreign Currency risk

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

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

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

(₹ in Crores)

| Currency | Liabilities as at | | Assets as at | |
|----------|-------------------|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| EURO | 0.01 | - | 0.02 | 0.03 |
| GBP | - | - | - | - |
| JPY | - | 2.00 | - | - |
| USD | 0.10 | 0.20 | 0.20 | 0.30 |

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Crores)

| Particulars | Impact on profit or loss for the year | | Impact on total equity as at the end of the reporting period | |
|------------------------------|---------------------------------------|-------------|--|-------------|
| | 2019-2020 | 2018-2019 | 2019-2020 | 2018-2019 |
| Financial Assets | | | | |
| EURO | 0.06 | 0.13 | 0.04 | 0.08 |
| GBP | - | - | - | - |
| JPY | - | - | - | - |
| USD | 0.61 | 1.05 | 0.40 | 0.68 |
| Financial Liabilities | | | | |
| EURO | 0.03 | 0.01 | 0.02 | 0.01 |
| GBP | - | - | - | - |
| JPY | - | 0.06 | - | 0.04 |
| USD | 0.37 | 0.68 | 0.24 | 0.44 |
| Total | 0.27 | 0.43 | 0.18 | 0.27 |

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 | | Foreign currency (₹ in Crores) | | Notional value (₹ in Crores) | | Fair value assets / (liabilities) (₹ in Crores) | |
|--------------------------------------|-----------------------|----------------|--------------------------------|----------------|------------------------------|----------------|---|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Cash flow hedges | | | | | | | | |
| Buy USD | | | | | | | | |
| Less than 03 months | 72.93 | 72.03 | (0.03) | (0.04) | (2.48) | (3.01) | (2.58) | (2.92) |
| More than 3 months but upto 6 months | 75.15 | 71.73 | (0.05) | (0.13) | (4.06) | (9.22) | (4.14) | (9.04) |
| Buy Currency JPY | | | | | | | | |
| Less than 03 months | - | 0.63 | - | (1.87) | - | (1.18) | - | (1.18) |
| More than 3 months but upto 6 months | - | - | - | - | - | - | - | - |
| Outstanding contracts | Average exchange rate | | Foreign currency | | Notional value | | Fair value assets / (liabilities) | |
| Cash flow hedges | | | | | | | | |
| Sell USD | | | | | | | | |
| Less than 03 months | 72.25 | - | 0.06 | - | 4.33 | - | 4.11 | - |
| More than 3 months but upto 6 months | 73.59 | 70.14 | 0.08 | 0.03 | 5.89 | 2.10 | 5.65 | 2.10 |
| Sell Euro | | | | | | | | |
| Less than 03 months | - | 78.12 | - | 0.01 | - | 0.94 | - | 0.93 |
| More than 3 months but upto 6 months | - | 79.49 | - | 0.01 | - | 0.95 | - | 0.95 |

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

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

32.3.3 Liquidity risk

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

The following tables detail the company's remaining contractual maturity for its 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 |
|----------------------------------|------------------|--------------|-------------------|---------------|----------------|
| March 31, 2020 | | | | | |
| Borrowings | 77.49 | 33.73 | - | 111.22 | 111.22 |
| Trade payables | 47.64 | - | - | 47.64 | 47.64 |
| Derivative Financial Liabilities | 0.29 | - | - | 0.29 | 0.29 |
| Lease Obligations | 0.19 | 0.35 | - | 0.54 | 0.54 |
| Other Financial Liabilities | 15.62 | - | - | 15.62 | 15.62 |
| Total | 141.23 | 34.08 | - | 175.31 | 175.31 |
| March 31, 2019 | | | | | |
| Borrowings | 81.51 | 36.39 | - | 117.90 | 117.90 |
| Trade payables | 58.17 | - | - | 58.17 | 58.17 |
| Derivative Financial Liabilities | 0.27 | - | - | 0.27 | 0.27 |
| Other Financial Liabilities | 24.67 | - | - | 24.67 | 24.67 |
| Total | 164.64 | 36.39 | - | 201.02 | 201.02 |

Note : 33 Earnings Per Share

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Profit after Tax (₹ Crores) | (16.34) | (13.57) |
| Number of equity Shares of ₹ 10 each outstanding at the end of the year | 67,18,992 | 67,18,992 |
| Weighted Average number of Equity Shares for the purpose of basic earnings per share Number of equity shares of ₹ 10 each at the end of the year | 67,18,992 | 67,18,992 |
| Earnings Per Share -Basic - in Rupees | (24.31) | (20.20) |
| Earnings Per Share Diluted - in Rupees | (24.31) | (20.20) |

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

Note :35 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31, 2020.

Note :36 Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹1.58 Crores (Previous Year ₹1.69 Crores)

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| a) Principal amount due | 0.14 | 0.73 |
| Interest due on the above | - | - |
| b) Interest paid during the period beyond the appointed day | - | 0.01 |
| c) Amount of payment made to the supplier beyond the appointed day during the accounting year | 1.07 | 2.16 |
| d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act. | - | - |
| e) Amount of interest accrued and remaining unpaid at the end of the period | - | - |
| f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act. | - | - |

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

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

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

As per our report of even date attached
For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

For and on behalf of the Board

P R Prasanna Varma
Partner
Membership No. 025854

Harish Lakshman
Vice Chairman
DIN : 00012602

Ganesh Lakshminarayan
Chairman
DIN : 00012583

Chennai
June 19, 2020

Murali K Rajagopalan
Manager

V K Vijayaraghavan
Chief Financial
Officer

Kalidoss S
Company Secretary



Expanding Horizons

Rane Engine Valve Limited

CIN: L74999TN1972PLC006127

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

Phone: +91 44 28112472 / 73

Fax: +91 44 28112449

www.ranegroup.com