



Rane Engine Valve Ltd.

41st Annual Report 2013

Board of Directors

L GANESH

Chairman and Managing Director

HARISH LAKSHMAN

Vice Chairman

L LAKSHMAN

R JAGANNATH

ASHOK MALHOTRA

C N SRIVATSAN

R V RAGHAVAN

KRISHNA KUMAR SESHADRI

Audit Committee

C N SRIVATSAN - *Chairman*

ASHOK MALHOTRA

R JAGANNATH

L LAKSHMAN

Investors' Service Committee

ASHOK MALHOTRA - *Chairman*

L GANESH

C N SRIVATSAN

President

S MOHAN

Vice President - Finance & Secretary

K SANKARANARAYANAN

Statutory Auditors

BRAHMAYYA & CO.

Chartered Accountants,

48, Masilamani Road, Balaji Nagar,

Royapettah, Chennai 600 014.

Cost Auditors

JAYARAM & ASSOCIATES,

Cost Accountants,

10 (Old No. 8), Rajan Street,

T Nagar, Chennai 600 017.

Listing of Shares with

Bombay Stock Exchange Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

The Madras Stock Exchange Limited, Chennai

Our Bankers

The Hongkong and Shanghai Banking Corporation Ltd.,
Chennai

Standard Chartered Bank, Chennai

HDFC Bank Ltd., Chennai

IDBI Bank Ltd., Chennai

South Indian Bank Ltd., Chennai

YES Bank Ltd., Chennai

Registered Office

"MAITHRI", 132, Cathedral Road,

Chennai - 600 086.

Phone : (044) 28112472

Fax : (044) 28112449

E-Mail : investorservices@rane.co.in

Head Office

"Glendale", 5, Noble Street,

Post Box No. 1305,

Alandur, Chennai - 600 016, Tamilnadu.

Plants

1. 'Glendale', 5, Noble Street, Post Box No. 1305, Alandur, Chennai - 600 016, Tamilnadu.
2. Plot Nos. 68 to 77, Industrial Estate, Medchal - 501 401, R.R. District, Andhra Pradesh.
3. Post Box No. 4, Redhills Road, Madhavaram, Ponneri - 601 204, Tamilnadu.
4. Survey No. 177/20, Hyderabad-Vikarabad Road, Aziz Nagar - 500 075, R.R. District, Andhra Pradesh.
5. Survey Nos. 109, 111 & 121, Seniapatti, Kasavanur Village, Viralimalai Union - 621 316 Pudukottai District, Tamilnadu.

Registrar and Transfer Agents

Integrated Enterprises (India) Limited

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

Phone: (044) 28140801, Fax: (044) 28142479

Email: corpserv@iepindia.com

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Rane Engine Valve Limited

FINANCIAL HIGHLIGHTS

Key Performance Indicators

Financial Year	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Return on Capital Employed (ROCE) (%)	-4.55%	12.57%	13.11%	7.86%	6.91%	7.30%
Return on Equity (ROE) (%)	-12.83%	21.33%	12.54%	5.31%	2.78%	3.06%
Earnings per share (Rs.)	(24.47)	40.32	20.97	8.35	4.29	4.70
Dividend %	-	105%	50%	30%	20%	45%
Book Value per share	178.60	203.09	174.96	159.41	154.83	153.62

Operational Performance

₹.Crores

Financial Year	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Total Income	266.25	309.19	289.70	237.23	221.10	199.25
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	11.83	42.92	39.42	29.10	24.25	18.79
Profit Before Tax (PBT)	(18.92)	28.72	16.12	7.00	3.91	4.10
Profit After Tax (PAT)	(12.61)	20.77	10.80	4.30	2.21	2.42

Balance Sheet Summary

₹.Crores

Financial Year	2012-13	2011-12	2010-11
Equity Share Capital	5.15	5.15	5.15
Shareholders' Funds	92.00	104.61	90.12
Non Current Liabilities	66.45	56.27	55.89
Current Liabilities	92.63	101.66	88.00
Non Current Assets	167.04	159.50	141.98
Current Assets	84.04	103.04	92.03

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Forty First Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m.** on **Monday, July 22, 2013**, at **The Music Academy (Mini Hall)**, New No. 168, T.T.K Road, Royapettah, Chennai 600 014, to transact the following: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the audited accounts of the Company for the year ended March 31, 2013 and the Auditors' report thereon.

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

"Resolved that the Audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended March 31, 2013 together with the Reports of the Directors and the Auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To appoint a Director in the place of Mr. Ashok Malhotra, who retires by rotation under Article 106 of the Articles of Association of the Company and being eligible offers himself for re-election.

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

"Resolved that Mr. Ashok Malhotra, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

3. To appoint a Director in the place of Mr. R V Raghavan, who retires by rotation under Article 106 of the Articles of Association of the Company and being eligible offers himself for re-election.

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

"Resolved that Mr. R V Raghavan, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

4. To appoint auditors of the Company and to determine their remuneration. The retiring auditors Messrs Brahmayya & Co., Chartered Accountants, are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received.

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

"Resolved that Messrs Brahmayya & Co., Chartered Accountants (Registration No. 000511S with The Institute of Chartered Accountants of India), be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS:

5. **Appointment of Mr. Krishna Kumar Seshadri as Director:**

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

"Resolved that Mr. Krishna Kumar Seshadri, who holds office as an additional director of the Company up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office shall be subject to retirement by rotation".

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

Chennai
May 21, 2013

K Sankaranarayanan
Vice President (Finance) & Secretary

Rane Engine Valve Limited

NOTES:

1. **Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as given in the notice is annexed.

3. The Register of Members of the Company will remain closed from **Saturday, July 13, 2013 to Monday, July 22, 2013** (both days inclusive).

4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2006 and thereafter which remain unclaimed for a period of seven years (including the dividends declared by erstwhile Rane Engine Valves Ltd.) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

The Company has sent reminders to all those members whose dividend payments during the last seven years remain unpaid as per Company records.

Members are requested to contact the Company's Registrars and Transfer Agents, for payment in respect of the unclaimed dividend for the financial year 2005-06 and thereafter.

5. Ministry of Corporate Affairs (MCA) vide circular no.17/2011 dated April 29, 2011 permitted sending all communications to members by electronic mail (e-mail), as a measure of "Green Initiative in Corporate Governance". In line with the ministry's direction your Company intends to send all future communication to members by e-mail including notice of the annual general meeting and annual report, to the e-mail address registered with your

respective Depository Participants (DPs). We encourage your participation and expect your support in this green initiative. To receive communications from the Company in electronic form, please register your e-mail address with your DP/ Registrar and Share Transfer Agents(RTA) or write to us at investorservices@rane.co.in. All members are entitled to receive the communication in physical form upon request for the same.

6. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential and e-mail address to the Registrar and Transfer Agents:

M/s. Integrated Enterprises (India) Ltd.
II Floor, "Kences Towers",
No.1, Ramakrishna Street,
North Usman Road, T. Nagar,
Chennai 600 017.

Members holding shares in Dematerialized form may inform the change in their residential and e-mail address to their Depository Participants.

7. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.

8. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

(By Order of the Board)

For Rane Engine Valve Limited

Chennai
May 21, 2013

K Sankaranarayanan
Vice President (Finance) & Secretary

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Resolution No. 5

The Board of Directors of your Company co-opted Mr. Krishna Kumar Seshadri on October 19, 2012 as an additional director. Mr. Krishna Kumar holds a Master of Engineering from Indian Institute of Science, Bangalore and has done Diploma in Business Management from Indian Institute of Management, Ahmedabad.

Mr. Krishna Kumar started his carrier in 1969 as Design Engineer at Tata Motors Ltd. and moved to an automobile component company as Head of Operations. Since then he has held number of senior positions and served as director on the boards of few companies including Rane Group. He has vast experience of 35 years in the management of auto ancillary companies. Mr. Krishna Kumar is presently an independent consultant and an Executive Coach accredited to Business Coaching Foundation of India.

Information about Mr. Krishna Kumar, in accordance with clause 49 IV of the Listing Agreement is attached.

The term of Mr. Krishna Kumar, as per Section 260 of the Companies Act, 1956 is only up to this Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956, along with the requisite deposit amount has been received from a member signifying the intention to propose his candidature for the office of director of the Company.

The knowledge and experience of Mr. Krishna Kumar would be immensely beneficial to the Company and the directors commend the resolution for adoption.

Mr. Krishna Kumar is deemed to be interested in the resolution. No other director is concerned or interested in the resolution.

(By Order of the Board)

For **Rane Engine Valve Limited**

Chennai

May 21, 2013

K Sankaranarayanan

Vice President (Finance) & Secretary

Rane Engine Valve Limited

INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING IN RESPECT OF ITEM NOS. 2, 3 & 5 ABOVE

(in accordance with clause 49 IV of the Listing Agreement)

	Item No.2	Item No.3	Item No.5
Name of the director	Mr. Ashok Malhotra	Mr. R V Raghavan	Mr. Krishna Kumar Seshadri
Father's Name	Mr. K C Kaifi	Mr. Gopala Ramabadran	Mr. Seshadri Pudugramam Krishnaiyer
Date of birth	October 9, 1945	April 4, 1942	May 10, 1946
Educational Qualifications	B.A, P.G. Diploma – Business Administration - IIM Ahmedabad	B.Com, FCA (England & Wales), Advanced Management Program, Harvard Business School	Master of Engineering, Indian Institute of Science, Bangalore. Diploma in Business Management, IIM, Ahmedabad
Date of appointment	February 6, 2008	January 20, 2010	October 19, 2012
Experience	Has over 37 years of experience in the field of Management consultancy.	Possess a wide experience in Cross border joint ventures, management of human resources and the turnaround of operations	Has over 35 years of industrial experience
Other Directorships	Eltrans Solutions Private Limited	TRF Limited	Kar Mobiles Limited
Committee Memberships	Member - Audit Rane Engine Valve Limited Chairman - Investors' Service Rane Engine Valve Limited	Member - Audit TRF Limited Member-Remuneration TRF Limited	
Number of shares held	Nil	Nil	Nil

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

K Sankaranarayanan
Vice President (Finance) & Secretary

Chennai
May 21, 2013

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their Forty First annual report together with the accounts for the year ended March 31, 2013.

1. Financial Performance:

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

(Rs. in Crores)

Particulars	2012 - 2013	2011 - 2012
Sales and Operating Revenues	262.76	307.02
Other Income	3.49	2.17
Profit before tax	(18.92)	28.72
Provision for tax	(6.31)	7.95
Profit after tax	(12.61)	20.77
Surplus brought forward	26.27	13.86
Amount available for appropriation	13.66	34.63

The net sales and operating revenue of the Company was at Rs.262.76 crores as against Rs.307.02 crores in the previous year. The drop in sales was mainly due to reduced market demand in all the key segments, where the Company has presence. The Company incurred a net loss of Rs.18.92 crores as against the profit of Rs.28.72 crores in the previous year. The drop in sales as well as higher energy costs due to non-availability of power from the State Electricity Boards resulting in the higher usage of diesel generator sets were the major reasons for the loss.

2. Appropriation

Considering the loss and the necessity to conserve cash for the near term, your directors have not recommended any dividend for the year 2012-13.

3. Management Discussion and Analysis

Your Company is engaged in the manufacturing and marketing of auto components for transportation industry. A detailed analysis of the automotive industry, your Company's performance etc. are discussed in the report on 'Management Discussion and Analysis' which forms part of this report and annexed as Annexure 'A'.

4. Fixed Deposits

The deposits outstanding as on March 31, 2013 amounted to Rs.8.44 crores. All deposits that matured during the year were repaid / renewed except for a sum of Rs.0.01 Crores for which claims have not been lodged with your Company.

5. Board of Directors

Mr. Ashok Malhotra and Mr. R V Raghavan retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The notice convening the ensuing Annual General Meeting includes the proposal for their re-appointment as directors.

Mr. Krishna Kumar Seshadri was co-opted to the Board during the year and would hold office up to the ensuing Annual General Meeting of the Company. The Company has received notice from a shareholder signifying the intention to propose the appointment of Mr. Krishna Kumar Seshadri as director of the Company, at the ensuing Annual General Meeting.

6. Conservation of Energy

Energy Audit was carried out to identify energy saving projects, resulting in reduction in units consumed per valve. Focus was on renewable energy augmentation viz., wind energy and optimising lower cost power such as private power during the year. Focused efforts were also undertaken to upgrade the design of the old machines facilitating efficiency of power usage.

7. Research and Development Activities

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

8. Foreign Exchange Earnings and Outgo

Strategic initiatives were undertaken to increase export business in terms of customers, product and geographical location by identifying new business opportunities.

Foreign exchange earned during 2012-13 was Rs.65.82 crores against foreign exchange outgo of Rs.21.20 crores. Your Company continued to remain a substantial net foreign exchange earner with the foreign exchange earned being 3 times higher than the outgo.

9. Employees

There was no employee for whom the particulars as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is applicable.

10. Auditors

Statutory Auditors

M/s. Brahmayya & Co., Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received from them. M/s. Brahmayya & Co., has submitted the Peer Review Certificate issued to them by The Institute of Chartered Accountants of India.

The notice of the forthcoming Annual General Meeting contains necessary resolution in this regard. Your directors recommend the re-appointment of M/s. Brahmayya & Co., as Statutory Auditors.

Cost Auditors

In terms of the Companies (Cost Accounting Records) Rules, 2011, the Cost Compliance Report for the financial year 2011-12 was filed with The Ministry of Corporate Affairs (MCA) on December 28, 2012 which is well within the extended due date of February 28, 2013.

Pursuant to the Cost Audit Orders issued by the MCA under Section 233B of the Companies Act, 1956, the Board has appointed M/s. Jayaram & Associates, Cost Accountants, Chennai, to carry out the cost audit of the Company for the financial year 2012-2013. The Company would be filing the Cost Audit Report for the financial year ended March 31, 2013 before the due date viz. September 30, 2013 or such other date, if any, extended by the MCA.

The Company has received a letter from M/s. Jayaram & Associates, to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Based on the recommendation of the Audit Committee, the Board has re-appointed M/s. Jayaram & Associates, as cost auditors for the financial year 2013-14.

11. Directors' Responsibility Statement

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

- i. Followed the applicable accounting standards in the preparation of the annual accounts for the financial year 2012-13 and there are no material departures;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

12. Corporate Social Responsibility (CSR)

The vision on Corporate Social Responsibility (CSR) is, **"To be a socially and environmentally responsible organization committed to improve quality of life within and outside"**. The objective of our CSR activities is to socially sensitize the employees of the Company so as to build an environment of care and concern.

As a good corporate citizen, the Company undertakes philanthropic activities to express our

emotion of belonging to the nation and our concern for the under privileged members of the society. Employees' exposure to under-privileged groups and the hardships faced by them enhances their emotional intelligence.

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

- ★ Contribution of funds by way of donation, towards establishment of Polytechnic College at Trichy by Rane Foundation.
- ★ Under the concept of "Oru Thuli Kalvi", the following initiatives were undertaken :
 - Adopted an Employee of "The Banyan". Trained, Groomed, Motivated and Empowered the female social worker and enabled her to execute her work with great confidence and to the utmost satisfaction of her superiors.
 - Provided computers to schools in Mathirapatti and Seniapatti villages at Trichy.
 - Created passion among students to become toppers in their school and come out with flying colours by awarding mementoes for all the class toppers.
 - Books and notebooks were also given to students of various schools.

- Apprentice training programme for students of class 10 and 12 from economically weaker sections were conducted imparting them with employment skills.
- Sensitized rural people about road safety and alcoholism through street play.

- ★ Under the concept of "Kudi Magan", our employees donate blood regularly and pledged to donate organs after their demise.
- ★ Under the concept of "Thai Mann", sensitized employees about global warming and the need for plantation of trees on world environment day by planting trees in nearby villages.
- ★ The Company has evolved a concept "Kulir Kaappom" under which old clothes were collected from families of the employees and donated to GOONJ, volunteer organisation helping needy people.
- ★ "SWAR" a self-learning and awakening programme on the destitutes was conducted for the employees.

13. Corporate Governance Report

Your Company has complied with the Corporate Governance requirements as stipulated under clause 49 of the Listing Agreement. Detailed report on the compliance and a certificate by the Statutory Auditors forms part of this report as Annexure 'C'.

For and on behalf of the Board

Chennai
May 21, 2013

HARISH LAKSHMAN
Vice-Chairman

L GANESH
Chairman & Managing Director

Annexure - A to Report of the Directors

Management Discussion and Analysis

Overview:

The Company is a manufacturer of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors and two/three wheelers. The Company operates in a single reportable business segment viz. components for transportation industry.

Industry Structure, Developments & Performance

Continued higher inflation and interest rates and lack of positive market sentiments slowed the growth of domestic automotive market during the year 2012-13. During the year, the domestic industry had not witnessed growth in any segment except Two Wheelers, Utility Vehicles and Light Commercial Vehicles. While overall domestic sales had registered a marginal growth, export growth came under pressure due to weak expansion of the developed countries.

INDUSTRY GROWTH

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

Volume Growth in % over previous year

Vehicles	2012-13	2011-12
Passenger Cars	-4	2
Utility Vehicles	52	17
Small Commercial Vehicles	-17	27
Light Commercial Vehicles	25	28
Medium & Heavy Commercial Vehicles	-28	11
Three Wheelers	-4	10
Two Wheelers	2	16
Farm Tractors	-1	12

Source: Society of Indian Automobile Manufacturers

Domestic Market

In spite of overall weakness in the other segments, Utility Vehicles has seen major growth during the year under review. The Company is looking to bring in new customers

and expand its platform base to improve its presence in this segment. Despite slowdown in the segment, the Company has seen a positive growth in the Small Commercial Vehicle and Two Wheeler segment mainly due to continued thrust by the Company to widen its customer base in these segments.

Apart from the downward pressure on overall growth expectations in all the segments, the market also witnessed a large shift in preference away from petrol to diesel engines where the Company was not present. The Company had since started development of new platforms in diesel segments and is now aggressively targeting customers in this segment, which will bear fruit in the coming years.

The break-up of sales and growth by products is given below:

Rs. in crores

Product Lines	2012-13	2011-12	Growth in %
Automobile Valves	168.07	193.00	-13%
Other Engine Components	17.61	18.38	-4%

OEM & Aftermarket

Due to overall market slowdown coupled with growth in un-served segment in OEM and Aftermarket, the Company had a de-growth over the previous year.

Rs. in crores

Market	2012-13	2011-12	Growth in %
OEM	155.26	166.63	-7%
Aftermarket	30.42	44.75	-32%

Exports

Though the overall economic activity marginally improved in the United States, most of the European Union was under severe economic stress during the year 2012. Due to market slowdown in EU nations, the infrastructure developments also slowed down, which severely affected our sales in the stationary & Heavy Commercial Vehicle segment in the European market. The Passenger Car segment in Germany contributed to some sales increase mainly due to the focused attention given to large global auto MNCs based in Germany. The total export turnover of the Company was Rs.68.97 crores, which was 24% lower than the previous year.

Operational and Financial Performance

Financial Review:

The net sales of the Company was at Rs.254.65 crores, which was lower by 16% when compared to the previous year. This was due to drop in growth of all the key segments as well as the skewed growth of the unserved segments. The sales from new products generated revenue of Rs.10.44 crores.

Rs. in crores

Product Lines	2012-13	2011-12	Growth in %
Automobile Valves	228.63	268.48	(15%)
Other Engine Components	26.02	33.76	(23%)
Total	254.65	302.24	(16%)

The Company incurred a net loss before tax of Rs.18.92 crores, as against profit of Rs. 28.72 crores in the previous year. Apart from the drop in sales, the major reason for the loss is higher energy costs due to acute power shortages and consequent non-availability of power from the State Electricity Boards, resulting in higher usage of diesel power generators. The Company continued to focus on operational efficiencies to improve productivity and implemented cost control measures through innovative practices on the shop floor. Impact of volatile foreign currency exchange rates and high interest costs were managed through effective hedging of foreign currency exposures and sourcing low cost funds.

Initiatives, such as strengthening of daily routine management, review mechanism and mitigative actions for major cost drivers were undertaken to control both fixed cost and variable cost.

Operations and Manufacturing Review:

The Company developed valves suitable for flex fuel application which is predominantly used in some of the Latin American countries. Further, with proliferation of CNG application in engines in India, the Company is on the verge of launching products suitable for CNG requirements. This necessitates a greater R&D capability to address better wear and tear characteristics as CNG is a corrosive fuel. In tappets, the Company has successfully developed prototypes for forged tappets, more specifically using thin walled section which is finding favour with the global trend of "light weighting" requirements.

The Company expanded capacity of Trichy Plant by 10% with the commissioning of one new line during March 2013.

Two pronged approach was followed to manage the power cost impact –

- 1 Focus on consumption reduction with a target of 10% reduction was achieved.
- 1 Focus on power mix like Electricity Board, Diesel Generator, Windmill and Private Power to reduce overall costs.

The Company is embarking on Lean Production Systems (LPS) in order to reduce/eliminate wastages in the system, resulting in enhanced equipment and manpower productivity and consequently cost efficiency. The Company was able to show better performance in raw material cost reduction through yield improvement, localization and alternate sourcing initiatives. The increase in landed cost due to adverse foreign exchange fluctuation is expected to be mitigated through these initiatives.

The Company continues to excel in quality through rigorous practice of Total Quality Management (TQM), Lean Production Systems (LPS), Total Productive Maintenance (TPM), Kaizen, QC story, 7 QC tools, Poka-yoke and the statistical tools. Some of the quality awards won by the Company include –

- 1 Maruti Suzuki India Limited (MSIL) Supplier Award for Quality and Delivery Improvement
- 1 "A" rating Award from Volkswagen during capability process audit
- 1 Green Vendor Development Programme (GVDP) shield & certificate for focused actions on environment second time from one of the major customers
- 1 Best cost co-operation award from VOLVO
- 1 Team Oriented Problem Solving award (TOPS) received from MSIL
- 1 Employees won best KAIZEN Award from Mahindra & Mahindra
- 1 Manufacturing Excellence Award from Confederation of Indian Industry (CII)
- 1 1st Prize in ACMA 4th Kaizen Contest
- 1 Safety Award from Tamilnadu Government for our focus on safety and performance

Outlook

The Company is planning to focus on new business development both in the domestic and international markets. This will be done through a customer-focused approach keeping the targeted initiatives for cost competitiveness in mind.

Domestic market is expected to revive in the second half of 2013-14. Export market, particularly Europe, where the Company has significant business interest, is likely to remain flat compared to 2012. To expand global business, the Company is likely to commence business in the South American Market in the coming year. This should form an alternate stream of export revenue and widen our market in the future years.

As a major cost initiative, the Company has started consolidating its plant operations to achieve operational as well cost efficiency. Towards this, your Company has completed a Voluntary Retirement Scheme (VRS) during April 2013 for the workmen in one of its oldest plants.

Opportunities & Threats

While the strengths /competitive advantage of the Company is essentially in market leadership and brand equity, the Company is focusing on enhancing its technology base, product range and process technologies to leverage it with key customers to become a preferred development partner. Towards this, a technology road map has been prepared and the Company would set up a comprehensive R&D centre which will include testing and validation facilities.

The Company's strength continues in areas of:-

- 1 Market Leadership
- 1 Brand Equity
- 1 Human Resources
- 1 Total Quality Management (TQM)
- 1 Core design capability
- 1 Co-designing of valves with the customer
- 1 Ability to scale up operations

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

- 1 Unceasing cost reduction demand from OEMs from whom the major portion of the future growth is likely to come.
- 1 Spiralling commodity prices affecting the input costs structure.

- 1 Dumping from China and free trade agreements with ASEAN countries.
- 1 Global valve manufacturers setting up operations in India
- 1 Apprehension about weak economic expansion in the developed countries.

Internal Control Systems and Risk Management

Your Company has an adequate "Internal Control System" that promotes reliable financial reporting, safeguard assets, propagate ethical conduct, encourage adherence management policies and standards as applicable. The strong internal control systems have been designed not only to prevent fraud and misuse of the Company resources but also to protect shareholders interest. Your Company has engaged an independent agency to carry out internal audit at all its locations across the country.

The Audit Committee and the Board in consultation with the internal auditor, statutory auditor and operating management approve annual internal audit plan. The findings of the internal auditors in their quarterly audit are placed before the Audit Committee at each of its quarterly meeting for review. The response of the operating management and counter measures proposed are discussed in the Audit Committee meetings. This process ensures the reliability of internal control systems and compliance with laws and regulations including resource utilization and system efficacy.

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

Human Resource Development and Industrial Relations

Our HR practices are an expression of our Employer Brand Promise of creating enduring experiences by developing, nurturing and institutionalizing a culture of high performance and innovation. Challenging assignments and continuous learning opportunities will help our people to realize their potential and grow professionally and personally. Working our way towards profitable growth, we have embarked upon innovation journey, creating an innovation agenda. We are sowing the seeds of a spirit of innovation among our employees with some identified teams working on select projects with the objective of taking quantum leaps in the areas of product development, business processes reengineering, market penetration etc. In our constant endeavour to strengthen corporate governance, the Rane COMPASS – the revised Ethical Standards of Behaviour was rolled out making it contemporary and comprehensive. To complement it further, Whistle Blower

Policy was introduced with a view to monitoring undesirable behavior and take corrective actions. Our initiatives in the areas of people practices and HR processes were recognized by the Asia's Best Employer Brand Award for 'Talent Management' by the Employer Branding Institute and the 'Significant Achievement in HR Excellence' award by the Confederation of Indian Industry respectively.

As at the end of March 31, 2013, the total number of employees stood at 1392 against 1354 as on March 31, 2012.

Cautionary Statement

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

Annexure - B to Report of the Directors

FORM B

Disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2013.

Research and Development (R & D)

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

Co-design of valves with customers

2. Benefits derived as a result of R & D and future plan of action:

Future business prospects by becoming a preferred supplier to prestigious customers.

Proactively design and develop products cutting down the time-to-market. Your Company is planning to invest up to 1% of sales in enhancing R & D infrastructure in the next two years.

3. Expenditure on R & D

(Rs. Crores)

	Particulars	2012-13	2011-12
A	Capex	0.01	0.50
B	Recurring	0.71	0.65
C	Total	0.72	1.15
D	Total R & D expenses as a percentage of total turnover	0.28%	0.38%

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief

The Company has a strong technology base. Actions initiated to absorb advanced technology on valves in consultation with experts in the field.

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

The Company has developed certain special purpose machines in-house to improve productivity and quality of the product and also to reduce machinery cost.

These steps have enabled the Company to enhance the competitiveness and thereby continue its growth in the global OEM business.

3. (a) Technology Imported (Technology imported during last 5 years reckoned from the beginning of the financial year)

: Nil

(b) Year of Import

: Not applicable

(c) Has the technology been fully absorbed

: Not applicable

**(d) Areas where technology not fully absorbed
Reason and future plan of action**

: Not applicable

For and on behalf of the Board

Chennai
May 21, 2013

HARISH LAKSHMAN
Vice-Chairman

L GANESH
Chairman & Managing Director

Annexure – ‘C’ to Report of the Directors

CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

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

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

2. Board of Directors

As of March 31, 2013, the Company has eight directors with an executive chairman. Of the eight directors, seven (87%) are non-executive directors and five (62%) are independent directors. The

composition of the Board is in conformity with clause 49 of the Listing Agreement entered into with stock exchanges. None of the directors on the Board is members of more than 10 committees or chairman of more than 5 committees across all the companies in which they are directors. Necessary disclosures regarding committee positions in other public companies as on March 31, 2013 have been made by the directors.

The Board met six (6) times during the financial year on May 21, 2012, July 23, 2012, October 19, 2012, December 31, 2012, January 21, 2013 and March 20, 2013. The names and categories of the directors on the Board, their attendance at Board meetings and Annual General Meeting held during the year and the number of directorships and committee chairmanships / memberships held by them in other companies are given below:

Name of the Director	Category	No. of board meetings attended	Whether attended last AGM	Number of Directorship in other companies#		Number of Committees@	
				Chairman	Member	Chairman	Member
Mr. L Ganesh	Executive Chairman & Promoter	6	Yes	7	4	2	7
Mr. L Lakshman	Non-Executive Director & Promoter	6	Yes	1	11	3	7
Mr. Harish Lakshman	Non-Executive Director & Promoter	6	Yes	–	8	2	2
Mr. R Jagannath	Non-Executive & Independent Director	4	No	–	1	–	1
Mr. Ashok Malhotra	Non-Executive & Independent Director	5	No	–	–	1	1
Mr. C N Srivatsan	Non-Executive & Independent Director	6	Yes	–	2	2	2
Mr. R V Raghavan	Non-Executive & Independent Director	6	Yes	–	1	–	1
Mr. Krishna Kumar Seshadri ¹	Non-Executive & Independent Director	4	NA	–	1	–	–

NA – Not Applicable

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

@ - Membership in Audit Committee and Investors’ Service / Grievance committee only is considered

¹ Co-opted as additional director at the Board meeting held on October 19, 2012

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

The information as required under Annexure IA to clause 49 of the Listing Agreement such as annual operating plans and budgets, quarterly results for the Company, minutes of meetings of audit

committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, etc. are placed before the Board of Directors.

The Board and Audit Committee meeting annual calendars are circulated in advance to the directors, in order to facilitate them in attending the meetings. The directors are provided with detailed agenda for the meetings along with necessary annexures to effectively participate in discussions. The Company has a post board meeting review mechanism to monitor and follow up the effective execution of the decisions, directions or suggestions of the Board and its Committees by the management.

3. Audit Committee

Overall purpose / objective

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

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

1. Discuss the scope of audit and post-audit area of concern, if any with Statutory Auditors and Internal Auditors.
2. Recommending the appointment of Statutory Auditor and fixation of audit fee.
3. Review of quarterly / annual financial statements with statutory auditors and management before submission to the Board.
4. Review of internal control systems with the Management, Statutory Auditors and Internal Auditors.
5. Reviewing the adequacy of internal audit function.
6. Review of financial and risk management policies of the Company.
7. Reviewing defaults, if any, in payments to depositors, shareholders and creditors.
8. Reviewing the statement of significant related party transactions submitted by the management.
9. Reviewing the management letters / letters of internal control weaknesses issued by the statutory auditors, if any.

10. Reviewing the internal audit reports relating to internal control weaknesses, if any.
11. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee as on March 31, 2013 is as follows:

Mr. C N Srivatsan - Chairman – Independent Director
 Mr. L Lakshman - Member – Non-Executive Director
 Mr. R Jagannath - Member – Independent Director
 Mr. Ashok Malhotra - Member – Independent Director

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

Mr. K Sankaranarayanan, Secretary of the Company is the Secretary to the Committee

The committee met four times during the year on May 21, 2012, July 23, 2012, October 19, 2012 and January 21, 2013.

Name of the Director	No. of Meeting attended
Mr. L Lakshman	4
Mr. R Jagannath	3
Mr. C N Srivatsan	4
Mr. Ashok Malhotra	3
Mr. R V Raghavan*	1

* Mr. R V Raghavan was inducted as member of the Audit Committee for the meeting held on July 23, 2012.

The Statutory Auditors and the Internal Auditors were present as invitees in all the meetings. The President and Vice President - Finance of the Company attended the meeting by invitation. Based on the requirement, other directors attended the meetings by invitation.

In compliance with clause 41 of the Listing Agreement, the Audit Committee reviews the quarterly unaudited financial results of the Company. These results are subjected to limited review by the Statutory Auditors of the Company. The Statutory Auditors are eligible to issue limited review report as the audit firm has been subjected to peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of ICAI.

The Audit Committee reviews all mandatory information under clause 49 of the Listing Agreement.

4. Remuneration to Directors

During the year 2012-13, the Company has paid sitting fees of Rs.20,000 per meeting to the non-executive directors for each Meeting of the Board & Audit Committee and Rs.2,500 for attending meeting of other committees of the Board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. At the Annual General Meeting, held on July 20, 2011, the shareholders have approved the payment of Commission, upto 5% of the net profits of the Company to Mr. L Ganesh, Chairman and Managing Director till March 31, 2014, as remuneration. In view of loss, no commission is payable to him for the financial year 2012-13. The employment of the Managing Director is contractual. There is no severance fee payable to Mr. L Ganesh. The Company does not have any stock option scheme.

No sitting fee is paid to Mr.L Ganesh, Chairman and Managing Director and Mr. L Lakshman, non-executive director, for attending the meetings of the Board or other committees of the Board. All other Directors are paid sitting fee for attending the Board and other Committee meetings. The details of sitting fee paid to the directors for the year ended March 31, 2013 are as follows:

Name of the Director	Sitting Fees (Rs.)
Mr. L Ganesh	Nil
Mr. L Lakshman	Nil
Mr. R Jagannath	1,40,000
Mr. Ashok Malhotra	1,65,000
Mr. Harish Lakshman	1,25,000
Mr. C N Srivatsan	2,02,500
Mr. R V Raghavan	1,40,000
Mr. Krishna Kumar Seshadri	80,000

Number of Shares held by the Directors:

Name of the Director	No. of Shares held
Mr. L Ganesh	50
Mr. L Lakshman	50
Mr. Harish Lakshman	50

None of the other Directors hold any share in the Company.

5. Code of Conduct

During the year, the Company has strengthened the Code of Conduct applicable for the board members and senior management of the Company.

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

The Board of Directors has also laid down a code of conduct for prevention of Insider Trading. The designated persons have disclosed their shareholding and their dependent relatives' shareholding, if any, in a prescribed form as laid down under the Rane Group's Code of Conduct for Prevention of Insider Trading.

6. Investors' Service Committee

During the year, Investors' Service Committee was re-constituted on July 23, 2012. The Committee looks into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner.

- (i) The composition of the committee is as follows:

Mr. Ashok Malhotra - Chairman

Mr. L Ganesh

Mr. C N Srivatsan

Mr. K Sankaranarayanan, Vice President (Finance) & Secretary is the Compliance Officer of the Company.

- (ii) During the year, the Committee met on May 21, 2012 and January 21, 2013

Name of the Director	No. of Meetings Attended
Mr. L Ganesh	2
Mr. L Lakshman ¹	1
Mr. Ashok Malhotra	2
Mr. C N Srivatsan ²	1

¹ Ceased to be a member of the committee w.e.f. July 23, 2012

² Appointed as a member of the committee w.e.f. July 23, 2012

During the year, the Company received one investor complaint through Registrar and Transfer Agent, for non-receipt of dividend and the same was duly disposed off. The Company did not receive any complaint from Stock Exchanges / Ministry of Corporate Affairs / SEBI, including SEBI Complaints Redress System (SCORES). No investor complaints were pending unresolved at the year end.

Rane Engine Valve Limited

7. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special resolutions passed	Time	Venue
July 23, 2012 (40 th AGM)	No Special resolution was passed	10.15 a.m.	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.
July 20, 2011 (39 th AGM)	No Special resolution was passed	10.30 a.m.	Narada Gana Sabha (Main Hall), 314, T.T.K. Road, Chennai 600 018.
July 20, 2010 (38 th AGM)	Revision in Managerial remuneration payable to Mr. L. Ganesh, Chairman, by way of payment of commission	10.30 a.m.	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.

No resolution was required to be passed by means of postal ballot by the members of the Company during the year 2012-13.

8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 28 of the financial statements have been reviewed by the Audit Committee. The Company does not have any subsidiary.

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 during the last three years.

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

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

- i. maintaining an office for the Chairman at the registered office of the Company.
- ii. adopting best practices to ensure a regime of unqualified financial statements.
- iii. individual communication of half-yearly results to shareholders
- iv. Whistle blower mechanism:

During the year, the Company has adopted a formal Whistle Blower Policy. This policy provides the mechanism for reporting with reliable information on any improper or unethical practices or actions which are violative (actual or potential) of the code of the Company by any employee or others dealing with the Company. It also addresses the protection of whistle blower who makes protected disclosures under the policy. The Whistle Blower policy has also been posted in the Company's website URL: <http://rane.co.in/revlpolicy.html>.

For compliance with laws governing the operations and conduct of affairs, 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 master list of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.

9. Means of communication

The quarterly / annual financial results were published in "Business Standard" (English) and "Makkal Kural" (Tamil). The financial results and the shareholding pattern were uploaded in the websites of the stock exchanges and the Company viz. <http://rane.in>. During the year, a presentation was made to analysts / institutional investors and was published in the website of the Company. A Management Discussion and Analysis report is part of the annual report.

10. General Shareholder Information

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

Name of the director	Mr. Ashok Malhotra	Mr. R V Raghavan	Mr. Krishna Kumar Seshadri
Father's Name	Mr. K C Kaifi	Mr. Gopala Ramabadran	Mr. Seshadri Pudukramam Krishnaiyer
Date of birth	October 9, 1945	April 4, 1942	May 10, 1946
Educational Qualifications	B.A, P.G.Diploma – Business Administration – IIM Ahmedabad	B.Com, FCA (England & Wales), Advanced Management Program, Harvard Business School	Master of Engineering, Indian Institute of Science, Bangalore Diploma in Business Management IIM, Ahmedabad
Experience	Has over 37 years of experience in the field of Management consultancy.	Wide range of experience in Cross border joint ventures, management of human resources and the turnaround of operations	Has over 35 years of industrial experience
Date of appointment	February 6, 2008	January 20, 2010	October 19, 2012
Other Directorships	Etrans Solutions Private Limited	TRF Limited	Kar Mobiles Limited
Committee Memberships	Member-Audit Rane Engine Valve Limited Chairman-Investors' Service Rane Engine Valve Limited	Member-Audit TRF Limited Member-Remuneration TRF Limited	
Number of shares held	NIL	NIL	NIL

ii. Annual General Meeting

July 22, 2013 at 10.15 a.m.

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

iii. Financial Year - 1st April - 31st March

Financial Calendar:

Board Meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2013	May 21, 2013
Un-audited results for the 1st quarter ending June 30, 2013	July 22, 2013
Un-audited results for the 2nd quarter ending September 30, 2013	October 21, 2013
Un-audited results for the 3rd quarter ending December 31, 2013	January 21, 2014
Annual Accounts for the year ending March 31, 2014	By last week of May 2014

iv. Book Closure

The book closure period is from **July 13, 2013** (Saturday) to **July 22, 2013** (Monday), both days inclusive.

Rane Engine Valve Limited

v. Listing on Stock Exchanges

Stock Exchange	Stock Code
a) National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	RANEENGINE
b) Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532988
c) Madras Stock Exchange Ltd, (MSE) 11, Second Line Beach, Chennai 600 001.	RANEENGINE

Listing Fee: Annual Listing fee for the financial year 2013-14 has been paid to NSE and BSE.

During the year, the board of directors had approved the voluntary de-listing of equity shares from MSE, since NSE and BSE provide nationwide access to trade and deal in Company's equity shares across the country and there is no trading activity for the shares at MSE. An application for voluntary de-listing was made to MSE during November 2012 and the approval is awaited. The shares of the Company would continue to be listed in NSE and BSE.

vi. Unpaid / Unclaimed Dividends :

Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2006 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile Rane Engine Valves Limited) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the Company had transferred to IEPF an unclaimed dividend amount of Rs. 89,202 for the financial year ended March 31, 2005 and an unclaimed interim dividend amount of Rs. 1,32,616 for the financial year ended March 31, 2006. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividend due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per share# (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2013) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2006	25.07.2006	3.00	91,134.00	28.08.2013	26.09.2013
31.03.2007*	21.03.2007	8.00	2,36,120.18	25.04.2014	24.05.2014
31.03.2008	23.07.2008	4.50	1,27,251.00	28.08.2015	26.09.2015
31.03.2009	22.07.2009	2.00	73,872.00	26.08.2016	24.09.2016
31.03.2010*	20.01.2010	1.50	47,740.50	24.02.2017	25.03.2017
31.03.2010	20.07.2010	1.50	52,500.00	24.08.2017	22.09.2017
31.03.2011*	24.01.2011	3.00	1,21,650.00	28.02.2018	29.03.2018
31.03.2011	20.07.2011	2.00	74,570.00	24.08.2018	22.09.2018
31.03.2012*	24.01.2012	7.50	3,21,187.50	26.02.2019	27.03.2019
31.03.2012	23.07.2012	3.00	1,23,360.00	27.08.2019	25.09.2019

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

*- Interim dividend

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

vii. Unclaimed share certificates

The Company had sent reminder letters to the shareholders whose physical share certificates remain unclaimed from the Company. Based on their response, the Company would transfer the unclaimed shares into one folio in the name of "REVL Unclaimed Suspense Account" (Demat Account) as per the provisions of clause 5A (II) of the Listing Agreement.

viii. Green Initiative

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

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

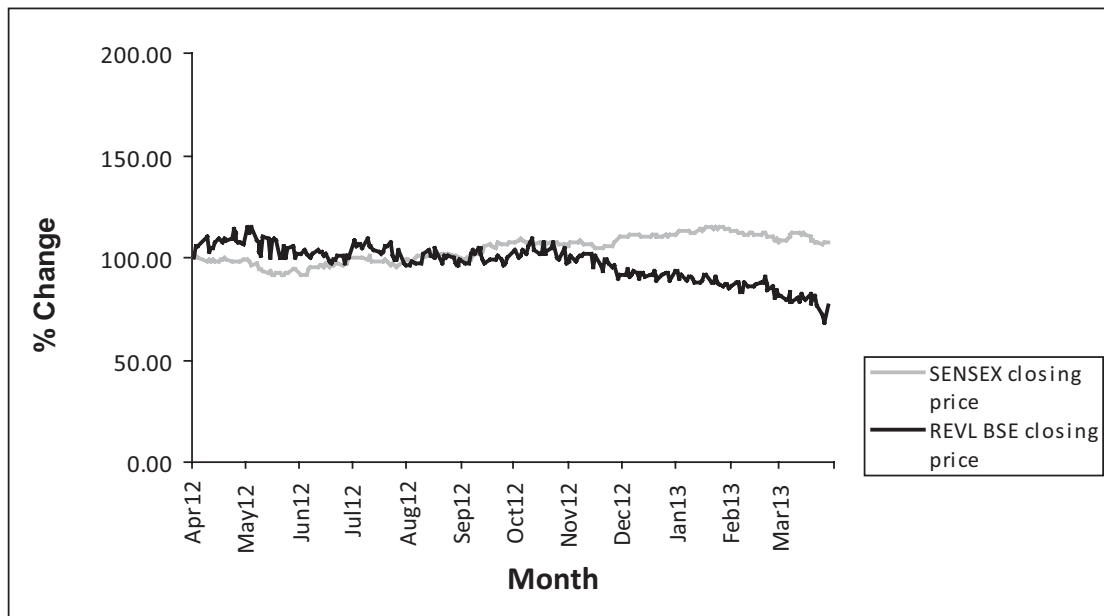
ix. Share Price Data

There has been no trading in Madras Stock Exchange Limited. The share price data (based on closing price) as quoted on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited during the last financial year viz. April 1, 2012 – March 31, 2013 is given below :

Month	National Stock Exchange of India Ltd (NSE)		Bombay Stock Exchange Ltd (BSE)	
	Share Prices (Rs.)		Share Prices (Rs.)	
	High	Low	High	Low
Apr-12	209.85	187.50	213.70	186.75
May-12	207.05	185.05	214.40	186.20
Jun-12	199.25	181.10	193.75	181.00
Jul-12	207.35	181.95	203.90	179.50
Aug-12	187.70	181.00	194.95	180.10
Sep-12	190.10	179.70	196.00	180.45
Oct-12	202.85	180.30	203.45	181.00
Nov-12	192.85	171.55	189.95	167.75
Dec-12	174.90	166.00	176.00	165.25
Jan-13	172.90	159.15	171.00	158.00
Feb-13	165.00	150.55	169.85	150.30
Mar-13	152.00	130.85	154.95	127.00

Source : www.bseindia.com; www.nseindia.com

Performance of the share price of the Company Vs. BSE Sensex:



Note: Both BSE Sensex and REVL Share Prices are indexed to 100 as on April 1, 2012

x. Registrar and Transfer Agents

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

Integrated Enterprises (India) Ltd.,

II Floor, 'Kences Towers', No.1, Ramakrishna Street,
North Usman Road,

T. Nagar, Chennai – 600 017.

Phone: 28140801 – 03, Fax: 28142479, 28143378.

e-mail: corpserv@iepindia.com

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

xi. Share Transfer System

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

On a half-yearly basis the compliance with the share transfer formalities is audited by a Practising Company Secretary (PCS) in terms of clause 47(c) of the Listing Agreement with the stock exchanges and a certificate to this effect is filed with the stock exchanges. Also reconciliation of share capital audit in terms of regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 is taken up on a quarterly basis and the report of the PCS is filed with the stock exchanges certifying that the total listed capital of the Company is in agreement with the total number of shares in physical and dematerialized form and that there is no difference between the issued and the listed capital of the Company.

xii. Distribution of shareholding as on March 31, 2013

Holding	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	3,918	91.86	3,98,243	7.73
501 - 1,000	155	3.63	1,11,726	2.17
1,001 - 2,000	78	1.83	1,14,935	2.23
2,001 - 5,000	78	1.83	2,57,607	5.00
5,001 - 10,000	13	0.30	90,458	1.76
10,001 - 20,000	11	0.26	1,70,072	3.30
20,001 - 50,000	5	0.12	2,09,247	4.06
50,001 - 1,00,000	3	0.07	2,06,042	4.00
1,00,001 & above	4	0.09	35,92,662	69.75
Total	4,265	100.00	51,50,992	100.00

xiii. Pattern of shareholding

Sl. No.	Category	As on March 31, 2013			As on March 31, 2012		
		No. of Shareholders	No. of Shares	% to total capital	No. of Shareholders	No. of Shares	% to total capital
A	Promoters	14	27,64,173	53.66	14	27,63,574	53.65
B	Banks, Financial Institutions & Insurance companies	6	1,04,544	2.03	6	1,04,544	2.03
C	Private Bodies Corporate	94	6,48,063	12.58	113	6,37,497	12.38
D	NRIs / OCBs / Foreign Collaborator	47	2,65,052	5.15	39	2,65,757	5.16
E	Indian Public & Others	4,104	13,69,160	26.58	4,051	13,79,620	26.78
	Total	4,265	51,50,992	100.00	4,223	51,50,992	100.00

xiv. Dematerialisation of shares and liquidity

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, 2013, about 93.43% of the shareholdings have been dematerialised.

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

Particulars	Number of shares		% to total capital	
	As on March 31, 2013	As on March 31, 2012	As on March 31, 2013	As on March 31, 2012
Physical	3,38,624	3,49,522	6.57	6.79
Demat	48,12,368	48,01,470	93.43	93.21
Total	51,50,992	51,50,992	100.00	100.00

The equity shares held by the Promoters and Promoter group in the Company have been fully dematerialised.

Rane Engine Valve Limited

Demat ISIN Number: **INE 222J01013**

Corporate Identification Number (CIN): **L74999TN1972PLC006127**

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

xvi. Address for communication:

Mr. K Sankaranarayanan
Compliance Officer
Rane Engine Valve Limited
Rane Corporate Centre,
"Maithri", 132, Cathedral Road,
Chennai 600 086.
Ph.28112472 Fax: 28112449
E-mail: investorservices@rane.co.in

OR

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

To

The Members

Rane Engine Valve Limited

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

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2013.

Place : Chennai

Date : May 21, 2013

L Ganesh

Chairman & Managing Director

AUDITORS' CERTIFICATE

To the Shareholders of Rane Engine Valve Limited

We have examined the compliance of conditions of Corporate Governance by Rane Engine Valve Ltd. for the year ended on 31st March 2013 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Reg. No. 000511S

P.S. KUMAR
Partner
(Membership No. 15590)

Chennai
May 21, 2013

INDEPENDENT AUDITOR'S REPORT

To

The Members of Rane Engine Valve Limited

Report on the financial statements

1. We have audited the accompanying financial statements of M/s. Rane Engine Valve Limited ("the company") which comprise the Balance Sheet as at 31st March 2013, Statement of Profit and Loss for the year ended on that date, Cash Flow Statement and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures

in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2013;
 - b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

6. As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement
- comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- Place: Chennai
Date: May 21, 2013
- For **Brahmayya & Co.**,
Chartered Accountants
Firm Regn No: 000511S
(P.S.Kumar)
Partner
Membership No: 15590

ANNEXURE REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE

1. The provisions of the following clauses of Companies (Auditor's Report) Order, 2003 are not applicable to the company for the year with respect to:
 - a) Clause 4 (x) with regard to accumulated losses since the company's networth is positive and the company has not incurred any cash losses during the current year and in the immediately preceding financial year;
 - b) Clause 4 (xii) with regard to loans granted against pledge of securities since no loans have been granted by the company during the year;
 - c) Clause 4 (xiii) with regard to special statutes applicable to Chit funds and Nidhis since the company has not carried on such business;
 - d) Clause 4 (xiv) with regard to trading in securities since the company did not carry on such activities during the year;
 - e) Clause 4 (xviii) with regard to preferential allotment of shares to specified parties since no allotment of shares was made during the year;
 - f) Clause 4 (xix) with regard to creation of security or charge in respect of debentures since no debentures issued during the year; and
 - g) Clause 4 (xx) with regard to money raised by public issue since no money was raised by public issue during the year.
2.
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The company has a programme of verification of fixed assets whereby all the fixed assets are physically verified by the management over a period of three years in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) The company has not during the year disposed off a substantial part of the fixed assets which would give rise to the question of impairment of status of the company as a going concern.
3.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
4.
 - (i) In our opinion and according to the information and explanations given to us, during the year, the company has granted unsecured loan to a public charitable trust covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loan is ₹ 0.75 crores. In our opinion, the terms and conditions of such loan is not prima facie prejudicial to the interest of the company and no amount is due for repayment in respect of above loan as at the balance sheet date.
 - (ii)
 - a) The company has not taken any loans secured or unsecured to / from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956 except fixed deposits accepted from directors and their relatives. These deposits have been accepted from 9 parties aggregating to ₹1.23 Crores which are outstanding as on 31st March, 2013.
 - b) In our opinion the rate of interest and other terms and conditions of these deposits are not prima facie prejudicial to the interest of the company.
 - c) The payment of principal and interest are regular.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
6.
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion

that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. The company has accepted deposits from the public and has complied with the Directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under where applicable. According to the explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of The Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
10. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty, Cess applicable to it.
11. Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of customs duty, wealth tax, and cess on account of any dispute. The details of disputed excise duty, trade tax, income tax, service tax and sales tax that have not been deposited with the appropriate authorities are as follows:

Nature of Dues	Amount (₹. in Crores)	Forum where dispute is pending
Sales Tax demands for the financial year 2003-2004	0.07	Deputy Commissioner (Appeals) Commercial Taxes, Ernakulam
Service Tax	0.58	Customs, Excise & Service Tax Appellate Tribunal, Bengaluru
Excise duty	0.01	Excise Appellate Tribunal, Bengaluru
Trade Tax	–	Joint Commissioner - Trade Tax, Kanpur (₹ 38,000)
Income Tax for the Assessment Year 1995-96	0.23	The Supreme Court of India
Income Tax for the Assessment Year 2004-05, 2005-06 and 2010-11	1.50	Commissioner of Income Tax (Appeals), Chennai

12. The company has not defaulted in repayment of dues to financial institutions, or banks. The company has not issued any debentures.
13. The company has not given any guarantee for loans taken by others from banks or financial institutions.
14. On the basis of review of utilisation of funds on overall basis the term loans taken by the company were applied for the purposes for which the loans were obtained.
15. According to the information and explanation given to us and on a overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
16. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No: 000511S

Chennai
May 21, 2013

P.S.KUMAR
Partner
(Membership No. 15590)

Rane Engine Valve Limited

BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	Note	₹. Crores	
		As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	5.15	5.15
Reserves and Surplus	3	86.85	99.46
		<u>92.00</u>	<u>104.61</u>
Non-Current Liabilities			
Long-Term Borrowings	4	59.23	43.64
Deferred Tax Liabilities (Net)	5	3.30	9.61
Long Term Provisions	6	3.92	3.02
		<u>66.45</u>	<u>56.27</u>
Current Liabilities			
Short-Term Borrowings	7	29.34	36.76
Trade Payables	8	27.18	24.98
Other Current Liabilities	9	34.01	37.43
Short-Term Provisions	10	2.10	2.49
		<u>92.63</u>	<u>101.66</u>
		<u>251.08</u>	<u>262.54</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	149.26	136.08
Intangible Assets	11	0.28	0.24
Capital Work-in-Progress	11	7.13	12.26
Long term loans and advances	12	10.37	10.92
		<u>167.04</u>	<u>159.50</u>
Current Assets			
Inventories	13	36.32	41.42
Trade Receivables	14	31.42	44.49
Cash and Bank Balances	15	6.56	2.82
Short-Term Loans and Advances	16	7.70	7.67
Other Current Assets	17	2.04	6.64
		<u>84.04</u>	<u>103.04</u>
		<u>251.08</u>	<u>262.54</u>

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn No: 000511S

For and on behalf of the Board

P.S. KUMAR
Partner
Membership No. 15590

HARISH LAKSHMAN
Vice Chairman

L. GANESH
Chairman &
Managing Director

CHENNAI
May 21, 2013

K. SANKARANARAYANAN
Vice President - Finance & Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

			₹. Crores
Particulars	Note	Period ended 31 March 2013	Period ended 31 March 2012
Revenue from Operations	19	287.08	330.62
Less: Excise Duty		24.32	23.60
		<u>262.76</u>	<u>307.02</u>
Other Income	20	3.49	2.17
Total Revenue		<u>266.25</u>	<u>309.19</u>
Expenses:-			
Cost of Raw Materials Consumed	21	82.67	99.24
Purchase of Traded Goods	22	4.04	5.91
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	23	1.43	(10.09)
Employee Benefits Expense	24	73.50	67.93
Financial Costs	25	9.48	7.77
Depreciation and Amortization		21.19	18.64
Other Expenses	26	92.78	103.28
Total Expenses		<u>285.09</u>	<u>292.68</u>
Profit before Exceptional Items and Tax		(18.84)	16.51
Exceptional Items (Net) (Refer Note No.36)		(0.08)	12.21
Profit Before Tax		<u>(18.92)</u>	<u>28.72</u>
Tax Expense:			
Current tax		-	7.19
Deferred Tax		(6.31)	0.76
Relating to Earlier Years		-	-
Profit for the year		<u>(12.61)</u>	<u>20.77</u>
Earning per Equity Share:			
Basic		(24.47)	40.32
Diluted		(24.47)	40.32
Number of shares of ₹.10 each		<u>51,50,992</u>	<u>51,50,992</u>

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No: 000511S

P.S. KUMAR
Partner
Membership No. 15590

HARISH LAKSHMAN
Vice Chairman

L. GANESH
Chairman &
Managing Director

CHENNAI
May 21, 2013

K. SANKARANARAYANAN
Vice President - Finance & Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

₹. Crores

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
A. Cash flow from operating activities		
Net profit before tax	(18.92)	28.72
Adjustments for:		
Depreciation	21.19	18.64
Unrealised Foreign exchange loss / (gain) - net	0.36	(0.18)
Interest expense	9.48	7.77
(Gain) / Loss on sale of fixed assets - net	(0.48)	(16.28)
Assets Written off / Provision for Retirement of Assets	0.50	0.03
Provision for bad debts and bad debts written off	0.22	0.21
Voluntary retirement expenditure	0.08	4.06
Provision for gratuity and leave salary - (net)	2.31	0.19
Operating profit before working capital changes	14.74	43.16
Adjustments for:		
(Increase) / Decrease in trade and other receivables	16.65	(6.39)
(Increase) / Decrease in inventories	5.10	(9.46)
Increase / (Decrease) in sundry creditors	0.93	(4.67)
Cash generated from operations	37.42	22.64
Income taxes paid - net of refund	(0.65)	(8.70)
Net cash from operating activities (A)	36.77	13.94
B. Cash flow from investing activities		
Purchase of fixed assets	(28.90)	(34.96)
Proceeds from sale of fixed assets	1.04	16.81
Payment for voluntary retirement expenditure	(0.08)	(4.06)
Net cash used in investing activities (B)	(27.94)	(22.21)
C. Cash flow from financing activities		
Proceeds from long term borrowings	32.60	22.06
Proceeds from other borrowings	-	13.19
Repayment of long term borrowings	(15.19)	(18.32)
Repayment of other borrowings	(10.24)	-
Repayment of Interest Free Sales Tax	(0.53)	(0.39)
Interest paid	(9.91)	(7.32)
Dividend paid	(1.82)	(5.67)
Net cash from financing activities (C)	(5.09)	3.55
Net Increase/(Decrease) in cash equivalents (A)+(B)+(C)	3.74	(4.72)
Cash and cash equivalents - Opening Balance	2.82	7.54
Cash and cash equivalents - Closing Balance	6.56	2.82
	(3.74)	4.72

As per our report of even date attached

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn No: 000511S

For and on behalf of the Board

P.S. KUMAR
Partner
Membership No. 15590

HARISH LAKSHMAN
Vice Chairman

L. GANESH
Chairman &
Managing Director

CHENNAI
May 21, 2013

K. SANKARANARAYANAN
Vice President - Finance & Secretary

Notes forming part of Financial Statements for the year ended 31st March, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

System of Accounting

1.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and comply with the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and issued by the Institute of Chartered Accountants of India (ICAI).

1.2 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Estimates include allowance for uncollectible accounts receivables, future obligations under employees benefit plans, useful life of fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. The actual amounts (crystallized after preparation of financial statements) may differ from these estimates.

1.3 Fixed Assets, Impairment & Depreciation

Fixed assets are stated at cost. None of the fixed assets has been revalued. Expenses incurred in connection with project prior to the commencement of commercial production are treated as part of project cost and capitalised as part of fixed assets.

If an asset is carried at a value more than the recoverable amount through use or sale of the asset, such impairment of asset is recognized as expenditure of the year. If such impairment ceases to exist then the same is recognized as income of that year.

1.4 Depreciation is provided on straight line method at the rates specified in Schedule-XIV to the Companies Act, 1956 except for :

- a) Assets acquired upto 31.03.1995 – On written down value method.
- b) Assets of following categories based on useful life acquired on or after 01.04.1996

Assets Useful Life	Years
1 Vehicles	5
2 Furniture & Fittings	5
3 Office Equipments	3
4 Licence	3

1.5 In case of second hand assets, depreciation is calculated taking into account the estimated useful life of the assets.

1.6 Inventories

Raw materials, work in progress and finished goods are valued at lower of cost and net realisable value.

Other items of inventory are valued at cost. Cost is determined on Weighted Average basis. Cost includes conversion and other costs incurred in bringing the inventories to the present location and condition.

1.7 Foreign Currency Transactions

Transaction and Translation

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement and translation of monetary items other than for acquisition of fixed assets, at the year end are recognised as income or expense in the year in which they arise.

Premium or discount on forward / option contracts is amortised over the life of such contracts and is recognised as income or expense in the Profit and Loss account.

Exchange differences arising on settlement / translation of long term monetary items utilized for acquisition of fixed assets are adjusted to carrying cost of fixed assets.

1.8 Derivative instruments and Hedge accounting

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward contract and option contracts, where the counterparty is a bank.

Pursuant to ICAI Announcement “Accounting for Derivatives” on the early adoption of Accounting Standard AS 30 “Financial Instruments : Recognition and Measurement”, the Company has early adopted the standard and accordingly, the changes in the fair values of forward contracts and options designated as cash flow hedges are recognised directly in ‘Hedge Reserve Account’ being part of the shareholders’ funds and reclassified into the profit and loss account upon the occurrence of the hedged transactions. The changes in fair value relating to the ineffective portion of the cash flow hedges and forward contracts / options not designated as cash flow hedges are recognised in the profit and loss account as they arise.

1.9 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets

Notes forming part of Financial Statements for the year ended 31st March, 2013

requires a substantial period of time are capitalised as a part of the cost of the asset if they will result in future economic benefit to the company. All other borrowing costs are charged to revenue.

1.10 Taxes on Income

Provision for Current tax (inclusive of Minimum Alternate Tax) is made based on the tax liability computed on taxable income in accordance with relevant tax rates and tax laws.

Deferred tax, being tax on timing difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years, has been recognized.

Deferred tax assets, excluding assets arising from loss/depreciation carried forward, are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case of carried forward loss/depreciation, it is recognized only if virtual certainty exists.

1.11 Research & Development

Revenue expenditure is charged under natural heads in Profit and Loss Account.

Capital expenditure is shown as addition to fixed assets under natural heads.

1.12 Employee Benefits

Defined Benefit Plan :

Gratuity : (Funded)

In accordance with applicable laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all staff, workers and officers. The Gratuity Plan provides for, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a Gratuity trust which in turn mainly contributes to Life Insurance Corporation of India (LIC) for this purpose. Under this plan the settlement obligation remains with the Gratuity trust. Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the trust.

Leave encashment liability : (Unfunded)

In accordance with applicable rules, the liability for leave encashment (defined benefit plan (Unfunded))

was actuarially valued and provided in the books of accounts, covering all staff, workers and officers.

Provident Fund :

In addition to the above benefits, all employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognised Provident Fund Trust. For other employees contributions are made to the regional Provident Fund Commissioners as per law. The Government mandates the annual yield to be provided to the employees on their corpus. For the first category of employees (covered by the Trust), the company has an obligation to make good the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government.

Superannuation :

Defined Contribution Plan where contributions are made to a Trust which in turn contributes to LIC.

Apart from being covered under the Gratuity Plan described above, the employees of the Company who are Assistant Managers and above have the option to participate in a defined contribution Superannuation plan maintained by the Company. The Company has no further obligations under the plan except making annual contributions based on a specified percentage of each covered employees salary.

1.13 Pre-operative Expenditure

All expenditure incurred prior to commencement of business / Expansion of business activities is carried forward as pre-operative expenditure and included in Capital Work in Progress and is capitalised along with the cost of fixed assets on commencement of Business.

1.14 Revenue Recognition

1.14.1 Sales are net of sales returns and trade discounts and exclude all taxes and levies.

1.14.2 Export Incentive Benefits are accounted on the following basis:

- a) Duty drawback entitlement is accounted on accrual basis.
- b) Status Holder Incentive Script (SHIS) is accounted on receipt of script
- c) Duty Entitlement Pass Book (DEPB) scheme is accounted on sale / utilisation of licence

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

Notes forming part of Financial Statements for the year ended 31st March, 2013

	₹. Crores				
Particulars	As at 31 March 2013	As at 31 March 2012			
SHAREHOLDER'S FUNDS					
2 Share Capital					
Equity Share Capital					
Authorised Share Capital:-					
1,00,00,000 Shares (1,00,00,000 Shares) of ₹.10 each	<u>10.00</u>	<u>10.00</u>			
	<u>10.00</u>	<u>10.00</u>			
Issued, Subscribed and Fully Paid Up:-					
51,50,992 Equity Shares (51,50,992 Equity Shares) of ₹.10 each	<u>5.15</u>	<u>5.15</u>			
	<u>5.15</u>	<u>5.15</u>			
2.1 Number of Shares held by Holding Company					
Rane Holdings Limited	27,59,686	27,59,686			
2.2 Reconciliation of the number of shares outstanding					
Number of Equity Shares outstanding as at the beginning of the period	51,50,992	51,50,992			
Number of Equity Shares outstanding as at the end of the period	51,50,992	51,50,992			
Change in the number of Equity Shares Outstanding	-	-			
2.3 Shares in the company held by each shareholder holding more than 5 per cent shares					
Name of Shareholder	As at 31 March 2013	As at 31 March 2012			
	No. of Shares held	No. of Shares held			
	% of Holding	% of Holding			
Rane Holdings Limited, the Holding Company	27,59,686	27,59,686			
	53.58	53.58			
Enam Share and Securities Private Limited	4,78,890	4,78,890			
	9.30	9.30			
2.4 The Company has only one class of shares i.e. equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.					
2.5 Details of shares allotted / bought back during the five years preceding the Balance Sheet date					
Particulars	Year (Aggregate No. of Shares)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Equity Shares :					
Fully paid up pursuant to scheme of arrangement of the company with erstwhile Rane Engine Valves Limited, without payment being received in cash	-	-	-	-	51,50,992

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2013

		₹. Crores	
Particulars	As at 31 March 2013	As at 31 March 2012	
3 Reserves and Surplus			
Reserves			
Capital Reserve			
Opening Balance	0.57	0.57	
Capital Subsidy			
Opening Balance	0.23	0.23	
Export Incentive Reserve			
Opening Balance	0.19	0.19	
General Reserve			
Opening Balance	72.20	70.12	
<i>Add</i> : Additions during the year	–	2.08	
<i>Less</i> : Deductions during the year	–	–	
Closing balance	<u>72.20</u>	<u>72.20</u>	
	<u>73.19</u>	<u>73.19</u>	
Surplus			
Opening Balance	26.27	13.86	
<i>Add</i> :-			
Net Profit after tax transferred from Statement of Profit and Loss	(12.61)	20.77	
<i>Less</i> :-			
Interim Dividend (Previous year ₹.7.50 per share)	–	3.86	
Final Dividend-Proposed (Previous year ₹.3.00 per share)	–	1.54	
Tax on dividend	–	0.88	
Transfer to general reserve	–	2.08	
Closing Balance	<u>13.66</u>	<u>26.27</u>	
	<u>86.85</u>	<u>99.46</u>	

Notes forming part of Financial Statements for the year ended 31st March, 2013

	As at 31 March 2013	As at 31 March 2012
₹. Crores		
Particulars		
NON CURRENT LIABILITIES		
4 Long Term Borrowings		
Secured		
Term Loans from Banks (Refer Note No.4.1 and 4.2)	48.84	35.74
	48.84	35.74
Unsecured		
Fixed Deposits (Refer Note No.4.3.1 and 4.3.2)	6.48	3.43
Other Loans and Advances		
Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note No.4.3.3)	3.91	4.47
	10.39	7.90
	59.23	43.64

4.1 Notes on Secured Long Term Borrowings

Term loans are secured by pari-passu basis first charge on the company's immovable properties both present and future and also secured by hypothecation of company's movable properties both present and future.

4.2 The details of the long term borrowings are as follows:

Particulars	Repayment Start Date	O/s. Amt. as on 31.03.2013 (₹ Crores)	Current Maturities (₹ Crores)	Interest Rate	Instalment Amt. (₹ Crores)	No. of Quarterly Instalments
Rupee Term Loans						
South Indian Bank Ltd.	Jan-2010	2.00	2.00	12.25%	0.67	15
HDFC Bank Ltd.	Apr-2009	0.59	0.59	10.23%	0.59	17
Yes Bank Ltd.	Jul-2011	2.81	1.25	11.92%	0.31	16
Yes Bank Ltd.	Jun-2014	6.00	-	12.60%	0.38	16
External Commercial Borrowing (Fully Hedged)						
HDFC Bank Ltd.						
Loan 1	Jan-2012	9.87	4.39	8.00%	1.10	14
Loan 2	Jan-2013	20.49	6.30	9.20%	1.58	14
HSBC Bank (Mauritius) Ltd.	Aug-2013	26.60	4.99	9.13%	1.66	16
		68.36	19.52			

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

4.3 Notes on Unsecured Long Term Borrowings

- 4.3.1 Fixed Deposit accepted from public carry interest @ 8.5 % to 10.0 % and are for a tenure of 2 to 3 years.
- 4.3.2 Fixed Deposit includes due to related parties of ₹.0.92 Crores (₹.0.57 Crores).
- 4.3.3 The company is entitled for deferment of sales tax for a period of 14 years from 1996 to 2010 and the first year loan is repayable during March 2010 and the second year's loan is repayable in the year 2011 and the amount deferred in year 2010 is repayable in the year 2024. 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.

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2013

		₹. Crores	
Particulars	As at 31 March 2013	As at 31 March 2012	
5	Deferred Tax Liabilities (NET)		
	Liability		
	Related to Fixed Assets	11.77	12.11
		<u>11.77</u>	<u>12.11</u>
	Assets		
	Provision for expenses allowable on payment basis		
	Provision for Leave Salary	1.29	1.02
	Provision for Liability	0.19	0.31
	Provision for Doubtful Debts	0.18	0.12
	Voluntary Retirement Compensation Scheme	0.77	1.05
	Unabsorbed Depreciation	6.04	—
		<u>8.47</u>	<u>2.50</u>
		<u>3.30</u>	<u>9.61</u>
6	Long Term Provisions		
	Provision for employee benefits		
	Leave Encashment (Unfunded)	3.92	3.02
		<u>3.92</u>	<u>3.02</u>
CURRENT LIABILITIES			
7	Short Term Borrowings		
	Secured		
	Loans repayable on demand from banks (Refer Note No.7.1)	29.34	26.76
		<u>29.34</u>	<u>26.76</u>
	Unsecured		
	Commercial Paper (Refer Note. No.7.2)	—	10.00
		<u>—</u>	<u>10.00</u>
		<u>29.34</u>	<u>36.76</u>

7.1 Short term borrowings from banks are secured on pari-passu basis by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts.

7.2 Maximum amount of Commercial Paper outstanding at any time during the year was ₹.10 Crores (₹10 Crores)

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

Notes forming part of Financial Statements for the year ended 31st March, 2013

		₹. Crores
Particulars	As at 31 March 2013	As at 31 March 2012
8 Trade Payables		
Related Party	–	0.65
Others (Refer Note No.39)	27.18	24.33
	27.18	24.98
9 Other Current Liabilities		
Current Maturities of Long Term Borrowings (Refer Note No.9.1)	22.04	23.80
Interest accrued but not due on borrowings	1.19	1.59
Fixed Deposit interest paid but not encashed	0.01	0.03
Unclaimed Dividends (Refer Note. No.34)	0.13	0.15
Unclaimed Matured Fixed Deposits	0.01	–
Employee Related dues	2.41	2.90
Payable on Purchase of Fixed Assets	1.16	3.27
Contractual	0.55	1.03
Related Party	–	–
Statutory Dues	2.39	1.79
Others (Refer Note No.9.3)	4.12	2.87
	34.01	37.43
9.1 Current maturities of long term borrowings		
Current Maturities of Long Term Debt	19.52	15.21
Current Maturities of Fixed Deposits (Refer Note. No.9.2)	1.95	8.06
Current Maturities of IFST Loan	0.57	0.53
	22.04	23.80
9.2 Current Maturities of Fixed Deposits include due to related parties of ₹ 0.31 Crores (₹ 1.19 Crores)		
9.3 Amount due to directors ₹ Nil (₹ 0.66 Crores)		
10 Short Term Provisions		
Provision for employee benefits		
Gratuity (Funded)	1.86	0.57
Leave Encashment (unfunded)	0.24	0.12
Other provisions		
Proposed Dividend on Equity Shares & Provision for Tax on distributed profits	–	1.80
	2.10	2.49

Notes forming part of Financial Statements for the year ended 31st March, 2013

NON-CURRENT ASSETS

11. Fixed Assets

₹ Crores

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2012	Additions/ Adjustments	Disposals/ Adjustments	As at 31.03.2013	Upto 31.03.2012	For the year	Disposals/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible assets (Refer Note 11.1 to 11.2)										
Land	1.96	–	–	1.96	–	–	–	–	1.96	1.96
Buildings	25.68	5.62	0.08	31.22	7.78	0.77	0.05	8.50	22.72	17.90
Plant and Equipment	239.75	29.08	3.87	264.96	124.83	19.77	2.87	141.73	123.23	114.92
Furniture and Fixtures	4.68	0.40	0.27	4.81	3.78	0.33	0.23	3.88	0.93	0.90
Vehicles	0.09	–	0.00	0.09	0.09	0.00	0.01	0.08	0.01	0.00
Office equipment	1.63	0.19	0.02	1.80	1.23	0.18	0.02	1.39	0.41	0.40
	273.79	35.29	4.24	304.84	137.71	21.05	3.18	155.58	149.26	136.08
Intangible assets										
Licenses	1.22	0.18	–	1.40	0.98	0.14	–	1.12	0.28	0.24
	1.22	0.18	–	1.40	0.98	0.14	–	1.12	0.28	0.24
	275.01	35.47	4.24	306.24	138.69	21.19	3.18	156.70	149.54	136.32
For the year 2011-12	245.01	33.46	3.46	275.01	122.96	18.64	2.91	138.69	136.32	122.05
Capital Work in Progress									7.13	12.26
									156.67	148.58

11.1 Foreign currency fluctuation loss of ₹ NIL (fluctuation loss of ₹ 0.09 Crores) arising on settlement / translation of long term borrowings utilised for acquisition of capital assets are adjusted to the cost of the assets.

11.2 Borrowing Cost of ₹ 0.34 Crores (₹ 0.28 Crores) is capitalised along with the cost of capital asset.

Notes forming part of Financial Statements for the year ended 31st March, 2013

	As at 31 March 2013	₹. Crores As at 31 March 2012
12 Long Term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Capital Advances	1.01	2.45
Security Deposits	2.55	2.26
Loans and advances to related parties	0.75	0.75
Rent Deposits	0.17	0.15
Other loans and advances		
Advance Income Tax	48.84	48.18
Less : Provision for Income Tax	(43.25)	(43.25)
	5.59	4.93
Other Advances		
Considered Good	0.30	0.38
Considered Doubtful	-	0.21
Less: Provision for doubtful advances	-	(0.21)
	0.30	0.38
	10.37	10.92
CURRENT ASSETS		
13 Inventories		
Valued at Lower of Cost or Realisable value		
Raw Materials	5.05	6.97
Raw Material-Goods in Transit	0.38	2.03
Work in Progress	7.62	7.35
Finished Goods	10.55	10.08
Finished Goods-Goods in Transit	3.96	6.14
Stock in Trade	0.82	0.81
Stores and Spares	7.94	8.04
Loose Tools	0.00	0.00
	36.32	41.42
14 Trade Receivables		
Unsecured		
Over six months		
Considered good	0.00	-
Considered doubtful	0.40	0.09
Others		
Considered good (Refer Note. No. 14.1)	31.42	44.49
Considered doubtful	0.17	0.27
	31.99	44.85
Less:- Provision for Doubtful receivables	(0.57)	(0.36)
	31.42	44.49

14.1 Trade Receivables - considered good includes due from related parties of ₹.0.41 Crores (₹.Nil)

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2013

		₹. Crores	
Particulars	As at 31 March 2013	As at 31 March 2012	
15 Cash and Bank balances			
Cash and cash equivalents			
Balance with banks			
In Current Accounts	5.10	2.02	
In Deposit Accounts	1.27	0.57	
Cash on hand	0.05	0.05	
Earmarked balances with banks			
Unpaid Dividend accounts	0.13	0.15	
Unpaid Interest warrant accounts	0.01	0.03	
Bank deposits with more than 12 months maturity	-	-	
	6.56	2.82	
16 Short Term Loans and Advances			
Unsecured, considered good, unless otherwise stated			
Loans and Advances to Employees	0.33	0.33	
Prepaid expenses	1.40	1.14	
Balance with government authorities			
Customs and Excise	4.85	5.10	
Value added tax	0.61	0.53	
Others	0.12	0.12	
	5.58	5.75	
Rent Deposits	-	0.16	
Other Advances	0.39	0.29	
	7.70	7.67	
17 Other Current Assets			
Unamortised Borrowing Cost	1.09	0.30	
Unamortised Option Premium	-	0.13	
Interest accrued on Deposits	0.17	0.11	
Insurance Claims Receivable	0.00	5.67	
Export Benefits Receivable	0.78	0.43	
	2.04	6.64	

Notes forming part of Financial Statements for the year ended 31st March, 2013

		₹. Crores
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
18 CONTINGENT LIABILITIES AND COMMITMENTS		
18.1 Contingent Liabilities		
Claims against the company not acknowledged as debt		
Labour Disputes	0.16	0.16
Income Tax	1.90	1.59
Other Liabilities	0.71	0.39
Guarantees & Letter of Credits issued by the banks	3.79	1.75
Liability on bills discounted with banks	5.99	2.60
	12.55	6.49
18.2 Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2.26	8.77
18.3 Other commitments		
18.3.1 The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports amounting to ₹ 9.97 Crores within the period allowed under the scheme.		
18.3.2 Voluntary Retirement Scheme (VRS) was offered in one of the plants. The commitment under VRS implemented during April 2013 amounts to ₹.40.76 Crores.		
19 Revenue from Operations		
Sale of products (Refer Note No. 19.1)	278.57	325.36
Less : Excise duty	23.92	23.12
	254.65	302.24
Other operating revenues (Refer Note No.19.2)	7.99	5.26
Less : Excise duty	0.40	0.48
	7.59	4.78
Sale of services	0.52	-
	262.76	307.02

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2013

Particulars	₹. Crores	
	Year ended 31 March 2013	Year ended 31 March 2012
19.1 Sale of Products Comprises :		
Manufactured Goods		
Valves	240.57	276.86
Guides	19.65	23.94
Tappets	8.64	11.77
Total	268.86	312.57
Traded Goods		
Valves	9.71	12.79
Guides	—	—
Total	9.71	12.79
	278.57	325.36
19.2 Other Operating Revenue Comprises:		
Sale of Materials	0.91	1.85
Sale of Scrap	2.54	2.71
Export Incentive Receipts (Refer Note No.19.3)	4.54	0.70
	7.99	5.26
19.3 Includes SHIS value of ₹.0.37 Crores pending to be utilised.		
20 Other Income		
Interest Income	0.86	0.92
Profit on Sale of Assets	0.52	0.29
Provision no longer required written back	1.79	0.81
Other non-operating income - Net	0.32	0.15
	3.49	2.17
21 Cost of Raw Materials Consumed (Refer Note.No.21.1 and 26.2)		
Opening Stock	9.00	10.50
Add : Purchases	79.10	97.74
Less : Closing Stock	5.43	9.00
Cost of Materials Consumed	82.67	99.24
21.1 Materials consumed comprises:		
Alloy steel	67.43	81.03
Hardfacing materials	4.92	6.59
Guide castings	5.17	7.33
Others	5.15	4.29
	82.67	99.24

Notes forming part of Financial Statements for the year ended 31st March, 2013

		₹. Crores
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
22 Purchase of Traded goods		
Trading purchase	4.04	5.91
	4.04	5.91
23 Changes in inventories		
Inventories at the end of the year:		
Finished goods	14.51	16.22
Work-in-progress	7.62	7.35
Stock-in-Trade	0.82	0.81
	22.95	24.38
Inventories at the beginning of the year:		
Finished goods	16.22	6.90
Work-in-progress	7.35	7.15
Stock-in-Trade	0.81	0.24
	24.38	14.29
Net (increase) / decrease	1.43	(10.09)
24 Employee Benefits Expense		
Salaries and Wages	57.85	53.64
Contributions to -		
Provident and other Funds	3.46	3.14
Superannuation scheme	0.41	0.42
Gratuity fund contribution	2.27	0.74
Staff welfare expenses	9.51	9.99
Voluntary Retirement Scheme Compensation (Refer Note No.36.2)	-	-
	73.50	67.93
25 Finance Costs		
Interest expense	9.06	7.51
Other borrowing costs	0.23	0.05
Net (gain) / loss on foreign currency transactions and translation	0.19	0.21
	9.48	7.77

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2013

		₹. Crores	
Particulars	Year ended 31 March 2013	Year ended 31 March 2012	
26 Other Expenses			
Stores and Tools consumed	17.36	21.75	
Power and Fuel (Refer Note No.38)	25.42	18.97	
Trade Mark Fees	1.34	1.59	
Repairs and Maintenance			
Plant and Machinery	7.98	10.61	
Buildings	0.10	0.28	
Others	1.14	2.67	
Job work Expenses	8.70	10.60	
Rent	0.60	0.64	
Insurance	1.53	1.49	
Rates and Taxes	0.75	0.57	
Travelling and Conveyance	3.16	3.77	
Professional and legal expenses	4.49	4.96	
Data Processing and Maintenance expenses	1.70	2.23	
Service Contract Expenses	3.90	4.23	
Administrative Expenses	1.19	1.59	
Selling and Distribution Expenses			
Packing and Forwarding	7.14	8.47	
Advertisement and Sales Promotion	0.17	0.22	
Commission and Discount	3.89	5.85	
Provision for Doubtful debts	0.22	0.21	
Quality Claim (Refer Note No.38)	0.59	0.75	
Directors' Sitting Fees	0.09	0.06	
Audit Fees (Refer Note No.26.1)	0.16	0.15	
Loss on Sale of Assets	0.04	0.28	
Assets Written Off / Provision for Retirement of Assets	0.50	0.03	
Exchange Loss (Net) - Other than considered under Finance Costs	0.22	0.66	
Bank Charges	0.18	0.19	
Excise Duty adjustment on Inc / (Dec) of Finished Goods	0.06	0.05	
Donations	0.16	0.41	
	92.78	103.28	

Notes forming part of Financial Statements for the year ended 31st March, 2013

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
₹. Crores		
26.1 Auditors' Remuneration		
a. as auditors - statutory audit	0.10	0.10
b. for taxation matters	0.04	0.03
c. for company law matters	0.00	0.00
d. for management services	—	—
e. for other services	0.02	0.02
	0.16	0.15
26.2 Raw Materials Consumed		
Imported	39.36	52.64
Imported % to total	47.61%	53.04%
Indigenous	43.31	46.60
Indigenous % to total	52.39%	46.96%
Total	82.67	99.24
Total %	100.00%	100.00%
26.3 Stores and Spare Parts Consumed		
Imported	0.42	1.71
Imported % to total	2.41%	7.86%
Indigenous	16.94	20.04
Indigenous % to total	97.59%	92.14%
Total	17.36	21.75
Total %	100.00%	100.00%
27.1 CIF Value of Imports		
Raw materials	7.80	24.54
Components and spare parts	0.42	1.71
Capital goods	6.27	6.63

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2013

Particulars	₹. Crores	
	Year ended 31 March 2013	Year ended 31 March 2012
27.2 Expenditure in foreign currency		
Professional and consultation fees	0.65	0.51
Finance Cost	5.24	3.18
Others	0.74	1.39
27.3 Remittance during the year of Dividends in Foreign Currency		
Final Dividend year ended 31 Mar 2012		
Number of Shareholders	1.00	1.00
Number of Shares held	2,52,000	2,52,000
Amount paid as Final Dividend	0.08	0.05
Interim Dividend year ended 31 Mar 2013		
Number of Shareholders	–	1.00
Number of Shares held	–	2,52,000
Amount paid as Interim Dividend	–	0.19
27.4 Earnings in Foreign Currency		
I. Export of goods calculated on F.O.B. basis	65.82	95.36

28 Related Party Disclosures:

Related parties and their relationship

Holding Company	:	Rane Holdings Limited (RHL)
Fellow Subsidiaries	:	Rane (Madras) Limited (RML) Rane Brake Lining Limited (RBL) Rane Diecast Limited Rane Holdings America Inc. (100 % owned by RHL)
Enterprise Significantly influenced by Key Management Personnel	:	Kar Mobiles Limited (KML) Rane Foundation (RF)
Key Management Personnel	:	Mr L Ganesh – Chairman and Managing Director
Relatives of Key Management Personnel	:	1. Mr. L Lakshman 2. Mr. L. Ganesh (HUF) 3. Mrs. Meenakshi Ganesh 4. Ms. Aparna Ganesh 5. Mr. Aditya Ganesh 6. Mrs. Hema C Kumar 7. Mrs. Vanaja Aghoram 8. Mrs. Shanthi Narayan

Notes forming part of Financial Statements for the year ended 31st March, 2013

Disclosure in respect of material transactions with related parties for the period 01.04.2012 to 31.03.2013

(₹ in Crores)

Description	Holding Company		Fellow Subsidiary		Enterprise influenced by Key Management Personnel		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Material transactions during the year												
Interest Paid on Fixed Deposits	-	-	-	-	-	-	0.00	0.00	0.14	0.17	0.14	0.17
Remuneration Paid	-	-	-	-	-	-	-	0.66	-	-	-	0.66
Trade Mark Fees Paid	1.34	1.59	-	-	-	-	-	-	-	-	1.34	1.59
Reimbursement of Expenses Cr/ (Dr)												
- RHL	0.01	0.26	-	-	-	-	-	-	-	-	0.01	0.26
- RML	-	-	(0.05)	(0.10)	-	-	-	-	-	-	(0.05)	(0.10)
- RBL	-	-	0.01	0.05	-	-	-	-	-	-	0.01	0.05
- KML	-	-	-	-	0.02	0.00	-	-	-	-	0.02	0.00
Sale of Material - KML	-	-	-	-	0.93	0.25	-	-	-	-	0.93	0.25
Purchase of Material												
- RML	-	-	0.00	0.04	-	-	-	-	-	-	0.00	0.04
- KML	-	-	-	-	0.02	0.17	-	-	-	-	0.02	0.17
Services Received												
- RHL	3.07	4.20	-	-	-	-	-	-	-	-	3.07	4.20
- RHAI			0.21	0.09							0.21	0.09
Services Rendered - KML	-	-	-	-	0.59	0.00	-	-	-	-	0.59	0.00
Purchase of Assets	0.16	0.12	-	-	-	-	-	-	-	-	0.16	0.12
Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Deposits Accepted / (Repaid)	-	-	-	-	-	-	-	-	(0.53)	-	(0.53)	-
Donations - RF	-	-	-	-	0.15	0.40	-	-	-	-	0.15	0.40
Loans granted / (Repaid) during the year	-	-	-	-	-	0.25	-	-	-	-	-	0.25
Balance at the year end												
Amount Payable - Trade	-	0.66	-	-	-	-	-	-	-	-	-	0.66
Amount Receivable - Trade												
- RHL	0.01	-	-	-	-	-	-	-	-	-	0.01	-
- RML	-	-	0.03	-	-	-	-	-	-	-	0.03	-
- KML	-	-	-	-	0.41	-	-	-	-	-	0.41	-
Fixed Deposits Outstanding	-	-	-	-	-	-	0.06	0.06	1.17	1.70	1.23	1.76
Loans outstanding- RF	-	-	-	-	0.75	0.75	-	-	-	-	0.75	0.75

Notes forming part of Financial Statements for the year ended 31st March, 2013

29 Employee Benefits

The company has implemented Revised AS-15 and made the provisions accordingly. The disclosure as per Revised AS-15 produced below: -

The following tables set out the details of amount recognised in the financial statements in respect of employee benefit schemes:

	Particulars	31.03.2013	31.03.2012	31.03.2013	31.03.2012
		Gratuity	Gratuity	Leave Salary	Leave Salary
		₹.Crores	₹.Crores	₹.Crores	₹.Crores
A	Net Asset / (liability) recognised in the Balance Sheet as at March 31, 2013				
	Present value of the Defined Benefit Obligation	12.42	10.26	4.16	3.14
	Fair Value of plan assets	10.56	9.69	-	-
	Net Asset / (Liability) recognised in the Balance Sheet	(1.86)	(0.57)	(4.16)	(3.14)
B	Expenses recognised in the statement of Profit and Loss Account for the year ended March 31, 2013				
	Current service cost	0.89	0.86	1.52	1.15
	Interest cost	0.82	0.85	0.22	0.19
	Expected return on plan assets	(0.95)	(0.92)	-	-
	Net actuarial (gain)/loss recognised during the year	1.51	(0.05)	0.55	0.12
	Expense/(Income) recognised in Profit and Loss Account	2.27	0.74	2.29	1.46
C	Change in Defined Benefit obligation during the year ended March 31, 2013				
	Present value of Defined Benefit obligation as at April 1, 2012	10.26	10.65	3.14	3.09
	Current service cost	0.89	0.86	1.52	1.15
	Interest cost	0.82	0.85	0.22	0.19
	Benefits paid	(1.06)	(2.05)	(1.27)	(1.41)
	Actuarial (gain) / loss on obligation	1.51	(0.05)	0.55	0.12
	Present value of obligation as at March 31, 2013	12.42	10.26	4.16	3.14
D	Changes in Fair value of Asset during the year ended March 31, 2013				
	Fair value of plan assets as at April 1, 2012	9.69	10.23	-	-
	Expected return on plan assets	0.95	0.92	-	-
	Contributions made	0.98	0.59	1.27	1.41
	Benefits paid	(1.06)	(2.05)	(1.27)	(1.41)
	Actuarial gain / (loss) on plan assets	-	-	-	-
	Fair value of plan assets as at March 31, 2013	10.56	9.69	-	-
E	Actual return on plan assets for the year ended March 31, 2013				
	Expected return on plan assets	0.95	0.92	-	-
	Actuarial gain / (loss) on plan assets	-	-	-	-
	Actual Return on plan assets	0.95	0.92	-	-
F	Actuarial Assumptions				
	Discount rate	8.00%	8.00%	8.10%	8.60%
	Expected rate of return on plan assets	9.40%	9.40%	-	-
	Rate of increase in compensation levels	4.50%/7.0%	4.50%/7.0%	4.50%/7.0%	4.50%/7.0%

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

Notes forming part of Financial Statements for the year ended 31st March, 2013

30 Derivative Instrument and hedge accounting

As per Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", the Company has provided for the effective portion amounting to ₹ Nil (₹ NIL) of the changes in the fair values of forward contracts and options designated as cash flow hedges directly in 'Hedge Reserve Account' being part of the shareholders' funds the changes in fair value relating to the ineffective portion amounting to ₹ Nil (₹ Nil) of the cash flow hedges and forward contracts / options are recognised in the profit and loss account.

31 Derivative Instrument and Unhedged Foreign Currency Exposure

S.No	Purpose	Nature	Currency	31.03.13	31.03.12	31.03.13	31.03.12
				FCY Amount in Crores		₹. Crores	
1	Forward Currency Swap						
	ECB Loan taken in USD 59,10,000 and swapped against INR	Cross Currency Swap	INR	-	0.07	-	2.97
	ECB Loan taken in USD 32,50,000 and swapped against INR	Cross Currency Swap	INR	0.21	0.30	9.87	14.26
	ECB Loan taken in USD 50,00,000 and swapped against INR	Cross Currency Swap	INR	0.46	0.50	20.48	22.06
	ECB Loan taken in USD 50,00,000 and swapped against INR	Cross Currency Swap	INR	0.50	--	26.60	-
2	Payable in USD	Currency Swap	INR	0.05	0.12	2.44	5.76
	Receivable in USD	Currency Swap	INR	0.02	0.04	1.10	2.17
	Receivable in EURO	Currency Swap	INR	0.05	0.02	3.38	1.23
	Receivable in AUD	Currency Swap	INR	-	-	-	-
3	Receivable in USD	Currency Options	INR	-	0.12	-	6.08
	Receivable in EURO	Currency Options	INR	-	0.06	-	4.17
4	Unhedged Foreign Currency Exposure						
a)	PCFC Loan in USD		USD	0.09	0.16	4.75	7.89
b)	PCFC Loan in EURO		EURO	0.09	-	6.09	-
c)	Outstanding Debtors		USD	0.04	-	2.34	-
			EURO	0.03	0.03	1.80	1.75
			GBP	0.00	0.01	0.15	0.41
			AUD	0.00	-	0.14	-
d)	Outstanding Creditors - Goods		USD	0.01	0.00	0.76	0.27
			AUD	-	0.01	-	0.01
			EURO	0.00	0.00	0.02	0.15
e)	Outstanding Creditors - Expenses		EURO	0.00	0.00	0.18	0.12
			AUD	0.00	-	0.06	-

Notes forming part of Financial Statements for the year ended 31st March, 2013

32 Segment Reporting

The entire operations of the company relate only to one segment, viz, "Components for Transport Industry". As the exports are predominantly to developed countries, geographical risk is not different from domestic market and hence no separate secondary segment disclosure is required.

33 In the opinion of the Board, none of the assets have a value lower on realization in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

34 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March 2013.

35 Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹ 0.71 Crores (Previous Year ₹ 0.65 Crores).

36 Exceptional Item represents:

36.1 Profit on sale of company's surplus land near Chennai along with appurtenant building amounts to ₹ Nil (Previous Year ₹ 16.27 Crores).

36.2 Voluntary Retirement Scheme (VRS) expenditure in the nature of employee benefits paid to employees opted for VRS amounts to ₹ 0.08 Crores (Previous Year ₹ 4.06 Crores).

37 Quality Claims is net of claims received / receivable of ₹ Nil (₹ 6.22 Crores).

38 Power and Fuel Cost includes a) ₹ 0.24 Crores incurred towards providing dedicated feeder for availing private power, b) Fuel Surcharge Adjustment (FSA) charges amounting to ₹ 1.69 Crores relating to earlier financial years.

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

	31.03.2013 ₹ Crores	31.03.2012 ₹ Crores
a) Principal amount due	0.51	0.45
Interest due on the above	-	0.01
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	0.67	0.70
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	0.00	0.01
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.

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

41 Figures in brackets in the Schedules and Notes pertain to previous year.

As per our report of even date attached

For and on behalf of the Board

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No: 000511S

P.S. KUMAR
Partner
Membership No. 15590

CHENNAI
May 21, 2013

HARISH LAKSHMAN
Vice Chairman

K. SANKARANARAYANAN
Vice President - Finance & Secretary

L. GANESH
Chairman &
Managing Director

