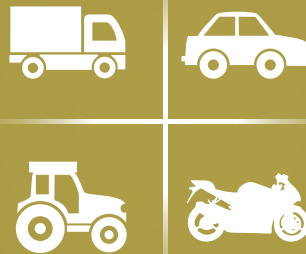




Expanding Horizons



Customer at the core

Rane Engine Valve Limited

46th Annual Report 2017-18

Vision



“

To be a preferred solution provider of valve train components to the global internal combustion engine industry ”

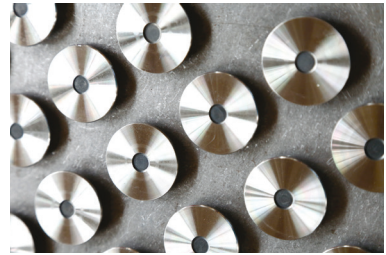
”

Our Product Portfolio



- Engine Valves
- Valve Guides
- Tappets

Contents



Corporate Overview

- 01 | Customer at the core
- 02 | The World of Rane Engine Valve
- 03 | Financial Highlights
- 04 | Chairman's Letter
- 05 | Corporate Information

Management Reports

- 06 | Report of the Board of Directors
- 11 | Management Discussion and Analysis
- 31 | Report on Corporate Governance

Financial Statements

- 52 | Balance Sheet
- 53 | Statement of Profit and Loss
- 54 | Cash Flow Statement
- 57 | Notes

Caution regarding forward-looking statements

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



Customer at the core

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

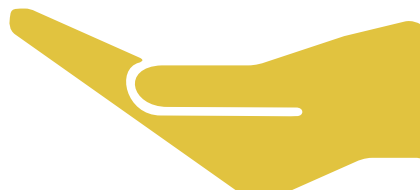
In addition, information technology, much like it steered mobile phone industry to smartphones, is geared up to steer automobile industry towards smart vehicles, thus, steadily leveraging and strengthening its prominence in vehicles. Going in sync with the present automobile landscape, even the regulators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

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

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

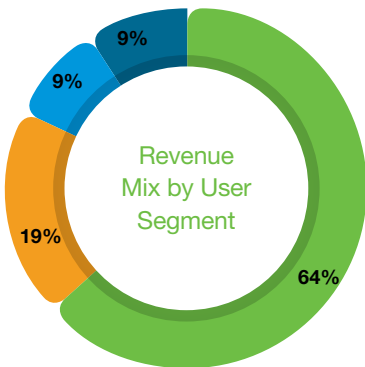
Experimenting and succeeding with an alternate material, going closer to the customer, staying lean and nimble in order to address varying batch sizes and speeds are some of the areas where Rane Group is lending a helping hand to its customers in scripting their success stories, thus, helping them in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

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

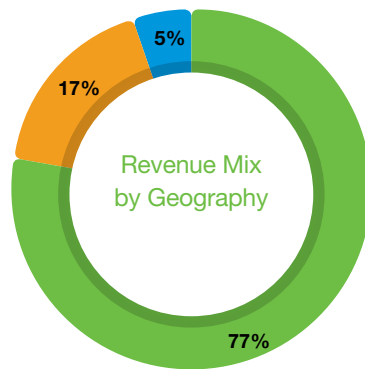


The World of Rane Engine Valve

Rane Engine Valve Limited was found in 1959. Rane Engine Valve manufactures engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors, stationary engines, railway/marine engines and two/three wheelers. The Company is a market leader in its category and a sharp focus on R&D and quality has helped it service clients spread across Europe, North America and the Far Eastern markets including the best-known brands such as BMW, Deutz, Volvo, Progress Rail, MTU Volkswagen, and Yamaha. The Company's preferred supplier to Domestic OEMs like HMCL, HMSI, Ashok Leyland, Daimler, John Deere, Hyundai, etc. It has global excellence in product and process technologies. The Company's five manufacturing plants have qualified for ISO/TS 16949: 2009, ISO 9001: 2008 and ISO 14001:2015.



● 64% India-OEM & OES ● 19% International- OEM
● 9% India- Aftermarket ● 9% International- Aftermarket
Percentage are rounded off



● 77% Asia ● 17% Europe ● 5% America
Percentage are rounded off

Key Customers

| OEM | | | |
|-----|--|--|--|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Manufacturing Plants

| Locations | Products |
|------------------------|---------------------------------|
| Ponneri (Chennai) | Engine Valves, Guides & Tappets |
| Medchal (Hyderabad) | Engine Valves |
| Aziz Nagar (Hyderabad) | Engine Valves |
| Viralimalai (Trichy) | Engine Valves |
| Hirehalli (Tumkur) | Large Engine Valves |

Quality Accreditation

| | |
|---------------------|--|
| ISO/TS 16949:2009 | Quality Management Systems |
| ISO 14001:2015 | Environmental Management Systems |
| BS OHSAS 18001:2007 | Occupational Health and Safety Management system, Trichy Plant |
| Deming Prize | Total Quality Management (TQM) |

Financial Highlights

OPERATIONAL PERFORMANCE

₹ in Crores

| Particulars | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 | FY 12 | FY 11 | FY 10 | FY 09 |
|---|---------|--------|---------|--------|---------|---------|--------|--------|--------|--------|
| Total Income (*) | 377.01 | 357.63 | 352.55 | 399.23 | 266.95 | 266.25 | 309.19 | 289.70 | 237.23 | 221.11 |
| Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) | 15.46 | 115.24 | 24.10 | 78.30 | (8.38) | 11.75 | 55.13 | 39.66 | 29.10 | 24.24 |
| Profit Before Tax (PBT) | (21.13) | 77.57 | (17.66) | 31.46 | (43.56) | (18.92) | 28.72 | 16.12 | 7.00 | 3.91 |
| Profit After Tax (PAT) | (17.06) | 57.69 | (12.54) | 23.48 | (29.09) | (12.61) | 20.77 | 10.80 | 4.30 | 2.21 |

BALANCE SHEET HIGHLIGHTS**

₹ in Crores

| FINANCIAL YEAR | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 | FY 12 | FY 11 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Equity Share Capital | 6.72 | 6.72 | 6.72 | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 |
| Shareholders' funds | 140.98 | 160.05 | 102.95 | 115.52 | 62.91 | 92.00 | 104.61 | 90.12 |
| Non current Liabilities | 44.30 | 36.59 | 68.67 | 68.88 | 80.51 | 66.45 | 56.27 | 55.89 |
| Current Liabilities | 135.09 | 109.67 | 137.91 | 158.45 | 106.35 | 92.63 | 101.66 | 88.00 |
| Non current assets | 160.88 | 164.06 | 186.44 | 195.66 | 168.86 | 167.04 | 159.50 | 141.98 |
| Current assets | 159.49 | 142.25 | 123.09 | 147.19 | 80.91 | 84.04 | 103.04 | 92.03 |

* Total Income are net of excise duty

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

Note: 1. Figures for FY 18 and FY 17 are as per Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013. Hence these figures are not comparable with the corresponding figures reported for the previous years.
2. EBITDA, PBT and PAT are inclusive of exceptional items, if any, for the respective financial years.

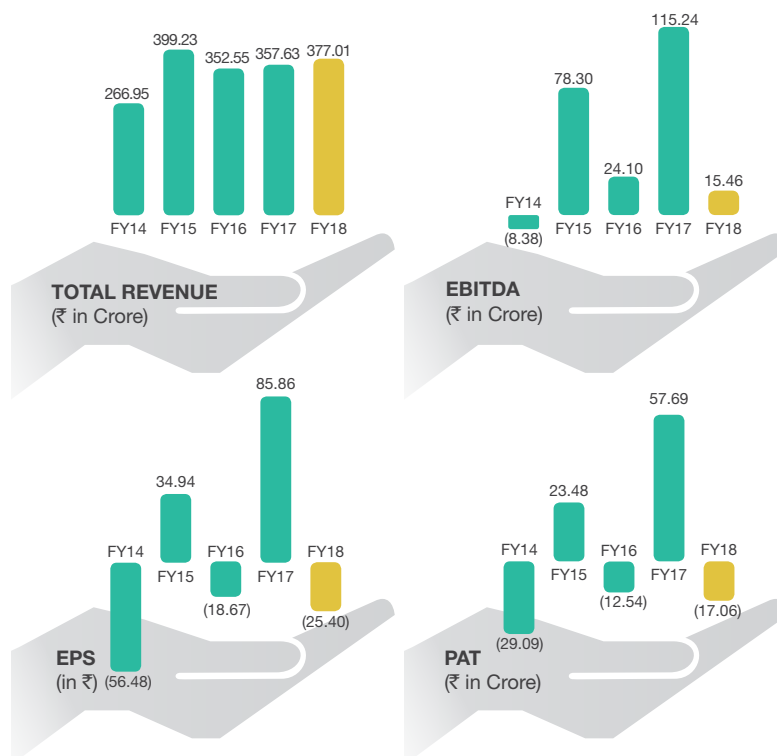
Business Highlights

- Secured new orders with potential revenue of ₹ 54 Crores.
- Focus on weight reduction, friction and wear reduction with specific plans for stricter emissions norms
- Invested ₹ 20 Crores to augment capacity for business share improvements with key customers by commissioning exclusive new lines.
- Extra large valve sales realisation started from the line commissioned during the year.

Awards & Accolades

- Medchal Plant received one Gold; one Par Excellence Award in National QCFI
- Ponneri Plant won Platinum Award in "Competition for Maintenance Personnel" held at ABK AOTS DOSOKAI, Chennai
- Appreciation Award from Hyundai Motor India
- Trichy plant awarded by Renault-Nissan for the "Best practices in process improvements"
- Ponneri Plant sustained "A" Grade Supplier Status from VEPT

Key Performance Indicators



Chairman's Letter



Our pro-active and innovative strategies of pre-design review engagements, exclusive new lines for customers, cost optimization initiatives are all destined to provide a fillip to new growth opportunities.

Dear Shareholders,

In 2017 was the fastest growth year in the past 6 years for the world economy, wherein it grew by 3.8%. At domestic front, the rollout of uniform Goods and Services Tax (GST) created some disruption and India's growth moderated to 6.6% in FY18. As per IMF's estimates, GDP growth is likely to bounce back to 7.4% in FY19. The automotive industry had favourable growth across all vehicle segments.

REVL's turnaround is taking longer than anticipated. The key operational challenges in Production, Internal Quality and Delivery are being addressed. Strengthening shop floor management especially in Trichy and Tumakuru plant is in progress. The management is working diligently to a return to profitability in about 18-24 months.

REVL had good performance on external quality with customer line rejection level less than 10 parts per million for automotive OEM customers. The customers continue to perceive us as the most preferred supplier, which is evident from the numerous accolades received during FY18. REVL has been focusing on elevating customer satisfaction levels, imbibing cost competitiveness by furthering investments in R&D – like developing a new material and upgrading its R&D facilities. During the year, we also commissioned a new Extra Large Valve line in Tumakuru facility, furthering the expansion. Our pro-active and innovative strategies of pre-design review engagements, exclusive new lines for customers, cost optimization initiatives are all destined to provide a fillip to new growth opportunities.

On behalf of the entire Board of Rane Engine Valve Limited, I would like to thank all our stakeholders – Customers, Employees, Partners, Vendors, Investors, Bankers, Government, Communities and most importantly you – our shareholders, who have bestowed tremendous faith in us, throughout this wonderful journey.

Yours Sincerely,

L Ganesh

Chairman and Managing Director

Corporate Information

Board of Directors

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

Audit Committee

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

Stakeholders' Relationship Committee

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

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

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

Vice President - Finance / Chief Financial Officer

Mr. V K Vijayaraghavan

Secretary

Mr. Kalidoss S

Statutory Auditors

M/s. Varma & Varma
 Chartered Accountants,
 Sreela Terrace, Level-IV,
 Unit-D, 105, First Main Road,
 Gandhi Nagar, Adyar, Chennai – 600 020

Secretarial Auditors

M/s. S. Krishnamurthy & Co.
 Company Secretaries,
 "Sresham", Old No. 17, New No.16,
 Pattammal Street, Mandaveli, Chennai – 600028

Cost Auditors

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

Listing of Shares on

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

Our Bankers

HDFC Bank Limited, Chennai
 Kotak Mahindra Bank Limited, Chennai
 State Bank of India, Bengaluru
 Yes Bank Ltd. Chennai
 Standard Chartered Bank, Chennai
 IDBI Bank Ltd. Chennai
 Indus Ind Bank Limited, Chennai

Registered Office

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

Head Office

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

Plants

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

Registrar and Transfer Agent

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

REPORT OF THE BOARD OF DIRECTORS

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

1. State of Company's affairs

1.1 Financial Performance

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

| Particulars | ₹ in crores) | |
|------------------------------------|--------------|----------|
| | 2017-18 | 2016-17* |
| Sales and Operating Revenues | 383.41 | 389.29 |
| Other Income | 1.77 | 2.34 |
| Profit / (Loss) Before Tax (PBT) | (21.13) | 77.57 |
| Provision for tax : | | |
| Current (Net of MAT Credit) | - | 16.05 |
| Deferred | (4.04) | 3.83 |
| Tax of earlier years | (0.03) | - |
| Profit / (Loss) After Tax (PAT) | (17.06) | 57.69 |
| Surplus brought forward | 46.58 | (10.44) |
| Transfer to General Reserve | (27.54) | - |
| Dividend of FY 2016-17 paid | (2.02) | - |
| Other Comprehensive Income (net) | 0.01 | (0.67) |
| Amount available for appropriation | (0.03) | 46.58 |

* Figures have been re-stated in accordance with Ind AS

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

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

The net sales and operating revenue of the Company for the year 2017-18 was ₹ 383.41 crores (including Excise duty of ₹ 8.17 crores) as against ₹ 389.29 crores (including Excise duty of ₹ 34.00 crores) for the previous year.

The Company incurred a net loss of ₹ 17.06 crores as against of net profit of ₹ 57.69 crores (including exceptional income) in the previous year. Earnings per share for the year 2017-18 was ₹ (25.40) as against ₹ 85.86 in the previous year

Despite a healthy order book, the non-availability of machinery lead to delivery bottlenecks at the plants and loss of potential sales. In view of this, the Company had to incur higher repairs and maintenance expenses to restore normalcy. Higher internal rejections and lower capacity utilisation have adversely affected the operational cost and profitability of the Company.

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

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

1.2 Appropriation

The net deficit for the FY 2017-18 stood at ₹ 0.03 crores, after adjusting a surplus of ₹ 46.58 crores brought forward from the previous financial year and appropriations made during the year ended 31 March, 2018 viz., ₹ 2.02 crores towards dividend for financial year 2016-17, ₹ 27.54 crores transferred to the General Reserve and adjustment of Other Comprehensive Income (net gain) to the tune of ₹ 0.01 crores.

Considering the financial position of the Company during the financial year, the Board decided not to declare any dividend for the year 2017-18.

1.3 Management Discussion & Analysis

Your Company is engaged in the manufacturing and marketing of auto components for transportation industry viz., engine valves, valve guide and tappet. A detailed analysis on the performance of the industry, the Company, internal control systems, risk management are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as 'Annexure A'.

2. Board of Directors

2.1 Composition

The composition of the Board of Directors of the Company is furnished in the Corporate Governance Report annexed to this report. During the year, Mr. L Ganesh (DIN: 00012583) was re-appointed by the shareholders at the 45th AGM as Managing Director for a period of three years i.e. from 01 April, 2017 to 31 March, 2020.

Mr. R V Raghavan (DIN: 01754139) retired as per retirement policy of the company, on attaining age of 75 years, effective on conclusion of meeting of Board of Directors held on 18 May, 2017. Mr. C N Srivatsan (DIN: 00002194), Mr. Ashok Malhotra (DIN: 00029017), Mr. S Krishna Kumar (DIN: 00062582), were re-appointed for a second consecutive term as Independent Directors by the shareholders at the 45th AGM held on 21 August, 2017, to hold office for a period of five years upto the conclusion of the 50th AGM or 20 August, 2022, whichever is earlier.

Dr. (Ms.) Brinda Jagirdar (DIN: 06979864) was appointed as Independent Director by the shareholder at the 43rd AGM to hold office till the conclusion of the 46th AGM. Based on the performance evaluation, the Nomination and Remuneration Committee at its meeting held on 02 May, 2018, have recommended to the board the re-appointment of Dr. (Ms.) Brinda Jagirdar for a second consecutive term as Independent Director, for five years viz., from the conclusion of the ensuing 46th AGM till the conclusion of 51st AGM or 23 July, 2023, whichever is earlier. The notice convening the 46th AGM contains necessary resolution for her re-appointment in second term, for approval of members by way of a special resolution.

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company and available at http://ranegroup.com/revl_investors/terms-of-appointment-of-independent-directors/

All directors have affirmed compliance with the Code of Conduct of the Company. The Independent Directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

2.2 Retirement by rotation

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

2.3 Board Meetings

A calendar of meetings is prepared and circulated in advance to the directors. During the year, four (4) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening period between any two consecutive meetings was less than 120 days.

2.4 Meeting of Independent Directors

During the year, one separate meeting of Independent Directors was held. In the said meeting, the Independent Directors assessed the quality, quantity and timeliness of flow of information between the management and the Board at the meeting and expressed that the current flow of information and contents were adequate for the Board to effectively perform its duties.

3. Board and Management

3.1 Board evaluation

During the year, a formal process for annual evaluation of performance of Board, its Committees and Directors

individually was carried out as per the criteria laid down by the Nomination and Remuneration Committee, pursuant to the provisions of the Companies Act, 2013 (CA 2013) and SEBI LODR.

The criteria for evaluation of board and its committees were founded on the structure and processes, meetings and discussions, board information and functioning and committee effectiveness. The guiding standards for the assessment of performance of directors (including the Independent Directors) were founded on aspects relating to their group dynamics, competency and commitment to the success of the Company.

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

The evaluation was carried out through a structured methodology approved by the Nomination and Remuneration Committee after ensuring that the aspects laid down under each of the criteria are comprehensive and commensurate with the size of the board and the Company. The Nomination and Remuneration Committee, reviews and makes recommendation to the board, from time to time, for ensuring an optimum composition of the board and its committees, induction of directors into the board, participation on the board effectiveness and evaluation process. The outcome of evaluation also forms the basis for the Nomination and Remuneration Committee while considering re-appointment of directors and appointment in various committees of the board.

3.2 Familiarisation program for independent directors

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

3.3 Key Managerial Personnel

Mr. L Ganesh, Chairman & Managing Director (MD) within the meaning of Section 2(18) of the Companies Act, 2013, Mr. V K Vijayaraghavan, Vice President – Finance & Chief Financial Officer (CFO), Mr. Kalidoss S, Secretary hold the office of Key Managerial Personnel.

3.4 Remuneration policy

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

4. Audit

4.1 Audit Committee

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

4.2 Statutory Auditors

M/s. Varma & Varma, Chartered Accountants were appointed as Statutory Auditors at the forty fifth Annual General Meeting (AGM) held on 21 August, 2017, for a period of five years i.e., until the conclusion of the fiftieth AGM.

The Company has received a letter from M/s. Varma & Varma consenting to the ratification of their appointment and confirmation to the effect that their appointment, if ratified, would be within the prescribed limits and that they do not suffer from any disqualification under Section 141 of the Companies Act, 2013 and the rules made thereunder. M/s. Varma & Varma have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India. Subject to notification of the relevant provisions of the Companies (Amendment) Act, 2017, their appointment may have to be ratified by members at every AGM in accordance with Section 139 of the Companies Act, 2013 read with applicable rules made thereunder. In the event of notification of the aforesaid amendment, the requirement for ratification would be infructuous and shall be dispensed with.

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

4.3 Cost Auditors

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors at their meeting held on 21 August, 2017, have appointed M/s. Jayaram & Associates, Cost Accountants, as the cost auditors of the Company for the financial year 2017-18 as per the recommendations of the Audit Committee, after obtaining necessary certificate under Section 141 of the Act, conveying their eligibility for re-appointment. In terms of Section 148(3) of the Companies Act, 2013 remuneration which is fixed by the board, based on the recommendation of the audit committee, is required to be ratified by the members at the AGM. The notice

convening the ensuing AGM includes the proposal for ratification of the remuneration payable to the cost auditors.

4.4 Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. S Krishnamurthy & Co., Company Secretaries in practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2017-18 is annexed herewith as '**Annexure C**'. The secretarial audit report does not contain any qualification, reservation, adverse remark or disclaimer.

4.5 Internal Auditors

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

5. Directors' Responsibility Statement

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

- i. in the preparation of the financial statements for the financial year 2017-18, the applicable accounting standards had been followed and there were no material departures;
- ii. they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- iv. they had prepared the financial statements for the financial year on a 'going concern' basis;

- v. they had laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively; and
- vi. they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

6. Related Party Transactions

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

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

The Company has put in place proper system for identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website (http://ranegroup.com/revl_investors/revl-policy-on-related-party-transaction/). None of the Directors or Key Managerial Personnel or Senior Management Personnel has any material financial and commercial transactions, where they have personal interest, which may have potential conflict with interest of the Company at large.

7. Corporate Social Responsibility (CSR)

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

The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee comprising of Mr. L Lakshman, Committee Chairman, Mr. L Ganesh, Chairman & Managing Director and Mr. S Krishna Kumar, an independent director, as members. The Annual Report on CSR activities carried out during the year 2017-18 is annexed as 'Annexure D'. The CSR policy of the Company is available in the Company's website viz., http://ranegroup.com/revl_investors/corporate-social-responsibility-policy/

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

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

9. Particulars of Directors, Key Managerial Personnel and Employees

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

10. Corporate Governance Report

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

11. Other disclosures

- a) Details of loan, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.
- b) The Internal control systems and adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Directors Report.
- c) The Consent For Operations (CFO) under the pollution control regulations in one of the manufacturing plants located in the State of Telangana has not been issued in pursuance of G.O.Ms.No.111 dated 08 March, 1996. However, the Company is of the opinion that this does not impact the going concern status of the Company and its future operations as the Company continues to pursue this matter in presenting its case that it is

neither a polluting nor a potentially polluting industry before the pollution control authorities.

There was no other significant material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

- d) The details forming part of the extract of the Annual Return under Section 92(3) of the Companies Act, 2013 in form MGT-9 is annexed herewith as '**Annexure F**'.
- e) The Company has complied with the applicable secretarial standards viz., SS-1 on meetings of board of directors and SS-2 on general meetings issued by Institute of Company Secretaries of India as per section 118(10) of the Companies Act, 2013.
- f) The Company does not accept any deposit falling under the provisions of section 73 of the Companies Act, 2013 and the rules framed thereunder.
- g) The Company has established a formal vigil mechanism named 'Rane Whistle Blower Policy' for reporting

improper or unethical practices or actions which are violative of the code of conduct of the Company.

- h) The Company believes that women should be able to do their work in a safe and respectful environment that encourages maximum productivity. The Company has a zero tolerance towards sexual harassment. The Company has adopted a policy on prevention of sexual harassment of women at work place and put in place proper mechanism across the Company. There was no case reported during the year under review through this mechanism.

For and on behalf of the board

HARISH LAKSHMAN

Vice Chairman
DIN : 00012602

Chennai
02 May, 2018

L GANESH

Chairman & Managing Director
DIN : 00012583

ANNEXURE A TO REPORT OF THE BOARD OF DIRECTORS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Rane Engine Valve Limited (REVL) is a manufacturer of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors, stationary engines, railway / marine engines and two/three wheelers. The Company operates in single reportable business segment viz. components for internal combustion engine industry applicable for stationary and transportation engine applications.

Industry Structure, Developments & Performance

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

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

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

Revival in the rural economy because of normal monsoon and increasing rural spends by the government positively impacted the demand for tractors and the Farm tractors grew by 14%. The two-wheeler segments also reported robust volume growth of 16% on the back of new launches, improving consumer sentiment and better rural income driven by good monsoon.

Industry Growth

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

| Industry Segment (Production figures) | Growth in % (YoY change) | |
|---------------------------------------|--------------------------|------------|
| | 2017-18 | 2016-17 |
| Vehicles | | |
| Passenger Cars (PC) | 1.0 | 5.4 |
| Utility Vehicles (MUV) | 19.9 | 26.3 |
| Vans (MPV) | (0.3) | (0.6) |
| Passenger Vehicles | 5.5 | 9.4 |
| Small Commercial Vehicles (SCV) | 27.0 | 2.7 |
| Light Commercial Vehicles (LCV) | 14.0 | 6.0 |

| Industry Segment (Production figures) | Growth in % (YoY change) | |
|--|--------------------------|------------|
| Medium & Heavy Commercial Vehicles (M&HCV) | 0.3 | 0.4 |
| Commercial Vehicles | 10.4 | 3.0 |
| 3 – Wheelers | 30.4 | (16.2) |
| 2 – Wheelers | 16.1 | 5.8 |
| Farm Tractors (FT) | 14.4 | 21.1 |

Source: Society of Indian Automobile Manufacturers

Domestic Market

The Company reported 4.9% growth in domestic market. The overall market remained positive for the Company.

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

(₹ in crores)

| Market | 2017-18 | 2016-17 | Growth in % |
|--------------------|---------------|---------------|-------------|
| OEM | 225.36 | 205.25 | 9.8 |
| Aftermarket | 31.87 | 38.78 | (17.8) |
| Railways | 2.69 | 3.75 | (28.3) |
| Defence | 6.70 | 6.38 | 5.0 |
| Total | 266.62 | 254.16 | 4.9 |

Domestic OEM sales grew by 10% helped by increased share of business with key domestic customers in Two-wheeler and Stationary engines segment. GST implementation and related stabilization of process in the markets negatively impacted the aftermarket business. Aftermarket business is being strengthened with focused marketing plans and new product launches.

Exports

Export sales grew by 7.1% on account of ramp up in business share with a major European customer. Efforts are in progress to improve exports business with additional capacity and further increase in business share.

(₹ in crores)

| Market | 2017-18 | 2016-17 | Growth in % |
|--------------------|---------------|--------------|-------------|
| OEM | 69.14 | 61.56 | 12.3 |
| Aftermarket | 32.78 | 33.63 | (2.5) |
| Total | 101.92 | 95.19 | 7.1 |

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

(₹ in crores)

| Market | 2017-18 | 2016-17 | Growth in % |
|---------------------------|---------------|---------------|-------------|
| Automotive Engines | 282.40 | 263.39 | 7.2 |
| Other Engines | 86.14 | 85.96 | 0.2 |
| Total | 368.54 | 349.35 | 5.5 |

Operational and Financial Performance

Financial Review

- Revenue from Operations increased by 6% to ₹ 375.24 crores in FY18 from ₹ 355.29 crores in FY17
- EBITDA dropped marginally by 2% points to ₹ 15.46 crores in FY18 from ₹ 24.80 crores in FY17
- Loss after Tax stood at ₹ 17.06 crores for FY18 as compared to PAT of ₹ 57.69 crores in FY17

The Company made an operating loss (before exceptional items) of ₹ 21.13 crores compared to an operating loss (before exceptional items) of ₹ 12.87 crores last year. However, including the exceptional items, the net loss before tax was ₹ 21.13 crores in 2017-18 as against net profit before tax of ₹ 77.57 crores in the previous year. The Company implemented Operational Efficiency improvement programmes and also spent additional ₹ 4 crores on upkeep of machineries. The turnaround activities are still underway. The Company continues to experience delivery issues and higher rejections internally at select plant locations.

The exceptional items for the year 2016-17 were (i) income of ₹ 94.01 crores towards sale of land and (ii) loss on impairment of assets written off amounting to ₹ 3.57 crores (consequent to consolidation of plants during previous year).

Operations and Manufacturing Review

The Company is constantly focusing on enhancing product development capability to meet the customer requirements by investing and upgrading the facilities in its R&D function. We continued with our efforts on developing high performance materials and special surface coating to provide superior products meeting newer emission norms and engines requirements. These present us with opportunities in India and globally to drive sales growth in the coming years.

Your Company has initiated active engagements through pre-design reviews with major customers towards building technologies to support emerging demands with 24 projects in various stages of development across customer / market segments initiated during the year. Six new business opportunities were generated through such pre-design review engagements.

To enhance cost competitiveness, the Company embarked on new material development. A new raw material is being introduced into material library for future commercial introduction.

The Company has made significant efforts to improve productivity and quality during the year. Capacity utilisation improved by 6% during the fourth quarter of the year.

Your Company invested ₹ 20 crores to augment capacity for business share improvements with key customers by

commissioning exclusive new lines, to commission new machines for line balancing for increasing capacity and for meeting the peak requirements for certain customers.

The Company realised sales of ₹ 1.08 crores from the new Extra Large Valve line commissioned during the year. This shall help the Company's business initiatives with new Global OEM's in the non-automotive market segment in future.

Your Company also strengthened business development efforts and secured orders with business potential of ₹ 53.6 crores in Domestic OEM / Exports Business.

The Company has made significant efforts to improve quality during the year. Initiatives towards optimizing cost will continue to enhance cost efficiency in the coming years.

Your Company continues its good performance on external quality with customer line rejection level less than 10 parts per million for major automotive OE Customers.

The Company has won the following awards from customers:

- Appreciation Award from Hyundai Motor India
- Trichy plant awarded by Renault-Nissan for the "Best practices in process improvements"
- Ponneri Plant sustained "A" Grade Supplier Status from VE Powertrain

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

- All plants are certified to ISO / TS 16949: 2009
- All Plants are certified to ISO 14001: 2015
- Trichy Plant is certified to BS OHSAS 18001: 2007

During the year the Company was conferred with the following awards:

- Medchal Plant received one Gold; one Par Excellence Award from National Quality Circle Forum of India (QCFI)
- Ponneri Plant won Platinum Award in "Competition for Maintenance Personnel" held at ABK AOTS DOSOKAI, Chennai

Outlook

Driven by private consumption, investment and exports and riding on the back of policy reforms, Indian economy is expected to grow 7.4% in FY19 as per IMF estimates. Growing economy, rising income coupled with favourable demography, availability of credit and financing options, low cost of production, low penetration of cars and a major thrust on infrastructure by the government bodes well for the industry and the Company.

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

The Company would continuously develop and leverage its R&D strengths to provide pro-active solutions for new generation vehicles. The Company has plans to enhance its capacity and manufacturing capabilities to align with customer requirements in automotive valves as well as the non-automotive large valves.

Opportunities & Threats

Focus on infrastructure growth and anticipated normal monsoon expected to keep the growth momentum in the automotive sector despite the uncertainties related to BS-IV changeover in commercial vehicles. Your Company is in a good position to leverage the growth through proactive customer engagement and technology initiatives.

The Company with its strong market presence and brand equity, will continue to invest in capacity and technology to improve market share. Expansion of capacities against secured business and a well aligned technology road map with market mega trends will enhance market presence and improve strategic relationship with key customers.

The Company has initiated business development efforts to improve non-automotive business covering Marine / Power Generation sectors.

The Company's strength continues in the areas of:-

- Rane / EVL brand name
- Ability to co-create technology solutions through pro-active customer engagement.
- Experience in global key account management.
- Balanced business portfolio and strong customer connect.

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

- Increased competitive pressure on pricing
- New players seeking Indian market
- Declining Engine Repair Trend in Aftermarket
- Shorter product life cycles and shift change in regulatory requirements.
- Emerging Electric Vehicle trend in personal transportation

Internal Control Systems

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

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

Risk Management

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

Human Resource Development and Industrial Relations

At Rane Group, Leadership Development and Employee Engagement were the focus areas for FY 2017 – 18.

Leadership Development

As part of technical competency development for the front line managers, Rane Manufacturing Systems Professional (RMSP) was launched in Q1 to build manufacturing capability, focusing on manufacturing processes and systems with gemba based

learning and business oriented projects. To supplement the learning, as a pilot, online learning mode was introduced for five technical courses. 15 participants are undergoing this intervention facilitated predominantly by internal subject matter experts. Further, a refreshed twelve-day customized course on “Learning on Machines” was designed and delivered to 6 graduate engineers. To facilitate the further growth of graduate engineers in the system, Reconnect program was organized to provide insights on developing deeper relationships with other team members.

As part of strengthening the leadership pipeline, 6 employees went through the ‘Transforming Organisation & Profitability through Growth, Engagement, Actions and Results’ (TOP GEAR) program focused on High Potential Leadership Development. The participants pursued an action-learning project that focused on solving a significant challenge faced by the Company. As part of Executive Leadership Development, Developing Executive Presence was rolled out. The Group Leadership Development Council periodically reviewed leadership development.

Employee Engagement

Rane Group follows the ‘Great Place To Work’ (GPTW) framework and conducts the employee engagement survey every year to understand the opinions, attitudes and perceptions of employees,

which forms the basis for refining policies and programs. To enhance the employee experience, select workflows were digitized and deployed. Employees were encouraged to participate in marathons and other fitness related programs to promote individual wellness and achieve a sense of balance in life. Several other new initiatives were structured to engage with employees regularly.

Other HR Initiatives

The Company rolled out front line leadership development program which focussed on enhancing the functional and behavioural competencies of cell leaders and module leaders. 52 employees underwent this development program.

In addition, the Company also sponsored The Wipro Chennai Marathon for 21 participants during the year.

Cautionary Statement

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

ANNEXURE B TO REPORT OF THE BOARD OF DIRECTORS

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

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

Criteria for Appointment

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

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

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

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

Criteria for Remuneration

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

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

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

Non- Executive Directors

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

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

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

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

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

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

ANNEXURE C TO REPORT OF THE BOARD OF DIRECTORS

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2018

Form No. MR-3

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

To the Members of

Rane Engine Valve Limited

[CIN: L74999TN1972PLC006127]

“Maithri”, No. 132, Cathedral Road, Chennai - 600086

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RANE ENGINE VALVE LIMITED** (hereinafter called “the Company”) during the financial year from 01 April, 2017 to 31 March, 2018 (“the year”/“audit period”/“period under review”).

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

We are issuing this report based on

- (i) Our examination/ verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31 March, 2018 but before the issue of this report;
- (ii) Certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel of the Company and taken on record by the Board of Directors;
- (iii) Certificates confirming compliance with certain factory related laws issued by the Internal Auditor and taken on record by the Audit Committee/ Board of Directors; and
- (iv) Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the financial year ended on 31 March, 2018, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as ‘Annexure A’.

1. Compliance with specific statutory provisions

We report that:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings (FEMA);
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client; and
 - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);
- (vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.
- (vii) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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

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

- (i) The Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books,

papers, minute books or other records or file any forms / returns under:

- (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (FEMA);
- (b) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (e) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.

2. Board processes

We further report that:

2.1 Board constitution and balance:

- (i) The constitution of the Board of Directors during the year was in compliance with the provisions of the Act and LODR.
- (ii) The Board of Directors of the Company, as on 31 March, 2018, has:
 - (a) One Executive Director;
 - (b) Two Non-Executive Non-Independent Directors; and
 - (c) Four Independent Directors, including a woman Independent director.
- (iii) One Independent Director retired as per the Company's retirement policy, on attaining the age of 75 years, effective from conclusion of the meeting of Board of Directors held on 18 May, 2017. The following further changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act by passing resolutions at the 45th annual general meeting held on 21 August, 2017 (AGM):
 - (a) Re-appointment of three independent directors by passing special resolutions;
 - (b) Re-appointment of the director retiring by rotation.
 - (c) Re-appointment of Managing Director

2.2 Board meetings:

- (i) Adequate notice was given to all directors to enable them to plan their schedule for the Board Meetings.
- (ii) Notice of Board meetings was sent to all the directors at least seven days in advance.
- (iii) Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings and consent of the Board for circulating them separately or at the meeting was duly obtained as required under SS-1:
 - (a) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
 - (b) Additional subjects/ information and supplementary notes.
- (iv) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- (v) We are informed that, at the Board meetings held during the year:
 - (a) Majority decisions were carried through; and
 - (b) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

We further report that:

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

4. Specific events/actions

We further report that:

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

For **S KRISHNAMURTHY & CO**
Company Secretaries

R SIVASUBRAMANIAN
Partner

Membership No: A22289

Certificate of Practice No:12052

Coimbatore
02 May, 2018

ANNEXURE – A TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members

Rane Engine Valve Limited

[CIN: L74999TN1972PLC006127]

“Maithri”, No. 132, Cathedral Road, Chennai - 600086

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

1. The Company’s management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31 March, 2018 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial statements and books of accounts of the Company as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Act.
7. We have obtained the Management’s representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **S KRISHNAMURTHY & CO**
Company Secretaries

R SIVASUBRAMANIAN
Partner

Coimbatore
02 May, 2018

Membership No: A22289
Certificate of Practice No:12052

ANNEXURE D TO REPORT OF THE BOARD OF DIRECTORS

ANNUAL REPORT ON CSR ACTIVITIES

FOR FINANCIAL YEAR 2017-18

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

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

Our CSR vision is 'to be a socially and environmentally responsible corporate citizen'. We believe that being a responsible corporate citizen is central to our purpose and values, allowing ourselves to inspire trust amongst our business partners and motivate people to make the right choices for the business, communities and planet.

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

1. Education
2. Health Care
3. Environment and
4. Community Development

The policy on CSR recommended by the CSR Committee was approved and adopted by the Board of Directors is available on the website of the Company (web link: http://ranegroup.com/revl_investors/corporate-social-responsibility-policy/).

Overview of projects implemented during 2017-18

- During the year, the Company had contributed ₹ 0.42 lakhs towards community development.

2. The Composition of the CSR Committee.

The Company has constituted a robust governance structure to oversee the implementation of the CSR projects, in compliance with the requirements of Section 135 of the

Companies Act, 2013. The CSR governance structure of RML is headed by the Board CSR Committee. The Board CSR Committee grants auxiliary power to the Management CSR Committee of the Company to act on their behalf. The members of the CSR committee are:

| Board CSR committee | Management CSR committee |
|--|---|
| Mr. L Lakshman Committee Chairman, Non-Executive & Promoter Director | Mr. Harish Lakshman Business Head |
| Mr. L Ganesh Chairman & Managing Director, Non-Executive & Promoter Director | Mr. VK Vijayaraghavan Vice President – Finance & CFO |
| Mr. S Krishna Kumar Non-Executive & Independent Director | Mr. A Selvavinayaga Raja General Manager – Human Resource |

3. Average net profit of the Company for last three financial years (₹ in crores)

| Particulars | 2014-15 | 2015-16 | 2016-17 |
|--|----------------|---------|---------|
| Net profit for the year (PAT) | 23.48 | (12.55) | 57.05 |
| Adjusted Net profit (as per Section 198) | (13.12) | (35.17) | (17.43) |
| Average Net profit / (loss) | (21.91) | | |

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Not Applicable

5. Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year: Not Applicable
- (b) Amount unspent, if any: Not Applicable
- (c) Manner in which the amount spent during the financial year is detailed below: (₹ in lakhs)

| S.No | CSR Activity | Sector in which activity is covered | Project / Programs 1) Local Area / Other 2) District (State) | Budget | Amount Spend -Subheads 1) Direct 2) Implementing Agency | Cumulative Expenditure up to the reporting period | Amount Spent: Directly or through an implementing agency |
|--------------|-----------------------|---|--|-------------|---|---|--|
| 1 | Community Development | Improve quality of life and eradicating hunger, poverty and malnutrition of under privileged people by providing groceries, cooking vessels & blankets to old age homes | 1) Local - Ponneri & Trichy (Tamil Nadu) 2) Local -Aziz Nagar & Medchal (Telangana) 3) Local -Tumkur (Karnataka) | 2.60 | 0.42 | 0.42 | Direct |
| Total | | | | 2.60 | 0.42 | 0.42 | |

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

Not applicable

7. Responsibility statement of the CSR Committee.

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

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

Chennai
02 May, 2018

L GANESH
Chairman & Managing Director
DIN : 00012583

L LAKSHMAN
Chairman of the Committee
DIN : 00012554

ANNEXURE E TO REPORT OF THE BOARD OF DIRECTORS

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

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

A. Conservation of Energy

Steps taken or impact on conservation

- 39 energy saving projects have been implemented
- 4,66,259 units (kwh) have been saved through these energy saving projects
- ₹ 37,30,072 have been saved

Steps taken utilising alternate sources of energy

- 83,02,652 units (kwh) have been utilized from windmill.

Capital investment in energy conservation equipment

- Company planning for additional future investments into energy conservation equipments / Solar

B. Technology Absorption

Efforts made towards technology absorption

- Continued to work new materials / process technology for valves to meet emerging Industry trends – high power and low emissions
- Focus on weight reduction, friction and wear reduction with specific plans for stricter emissions norms

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

- Localisation of High Cost Alloys
- Alternate appropriate high heat resistant valve steel materials
- Low cost surface coating solutions for wear reduction
- Entry into niche large valve markets

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

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

Research and Development expenditure incurred

(₹ in crores)

| | Particulars | 2017-18 | 2016-17 |
|---|--|---------|---------|
| A | Capital expenditure | 0.18 | 0.07 |
| B | Recurring expenditure | 1.49 | 1.87 |
| C | Total | 1.67 | 1.94 |
| D | Total R & D expenses as a percentage of total turnover | 0.43% | 0.49% |

C. Foreign Exchange Earnings and Outgo

(₹ in crores)

| Foreign Exchange | 2017-18 | 2016-17 |
|------------------|---------|---------|
| Earnings | 101.92 | 95.19 |
| Outgo | 41.40 | 31.64 |

For and on behalf of the board

L GANESH

Chairman & Managing Director

DIN : 00012583

HARISH LAKSHMAN

Vice Chairman

DIN : 00012602

Chennai

02 May, 2018

ANNEXURE F TO REPORT OF THE BOARD OF DIRECTORS

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH, 2018

Form No. MGT - 9

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

I. Registration and Other Details:

- (i) CIN : L74999TN1972PLC006127
- (ii) Registration Date : 09 March, 1972
- (iii) Name of the Company : Rane Engine Valve Limited
- (iv) Category / Sub-Category of the Company : Public Company–Limited by Shares/ Indian/ Non-Government Company
- (v) Address of the Registered office and contact details : 'Maithri' No.132, Cathedral Road,
Chennai – 600 086
Phone: 044 – 2811 2472; Fax: 044 – 2811 2449
Website: www.ranegroup.com
Email ID: investorservices@ranegroup.com
- (vi) Whether listed Company : Yes
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Integrated Registry Management Services Private Limited
II Floor, 'Kences Towers', No.1, Ramakrishna Street,
North Usman Road, T.Nagar, Chennai – 600 017
E-mail: corpserv@integratedindia.in
Phone: 044 2814 0801; Fax: 044 2814 2479
Contact person: Mr. K Suresh Babu, Director

II. Principal Business Activities of the Company:

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product | % to total turnover of the Company |
|---------|---|-------------------------|------------------------------------|
| 1 | Engine Valves- Small , Medium and large engine valves for applications in internal combustion engines | 28110 | 94% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|-------------------------------|------------------|--------------------|
| 1 | Rane Holdings Limited 'Maithri', No.132, Cathedral Road, Chennai – 600086, India | L35999TN1936PLC002202 | Holding Company | 51.07 | 2(46) |

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

i) Category-wise Share Holding:

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---------------|------------------|-------------------|---|---------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter(s) | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 4,522 | - | 4,522 | 0.07 | 1,874 | - | 1,874 | 0.03 | (0.04) |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 34,31,054 | - | 34,31,054 | 51.07 | 34,31,054 | - | 34,31,054 | 51.07 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1):- | 34,35,576 | - | 34,35,576 | 51.14 | 34,32,928 | - | 34,32,928 | 51.09 | (0.04) |
| (2) Foreign | | | | | | | | | |
| a) NRIs – Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2):- | - | - | - | - | - | - | - | - | - |
| Total Promoter Shareholding (A) = (A)(1)+ (A)(2) | 34,35,576 | - | 34,35,576 | 51.14 | 34,32,928 | - | 34,32,928 | 51.09 | (0.04) |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | 2,755 | 6,882 | 9,367 | 0.14 | 2,963 | 2,482 | 5,445 | 0.08 | (0.06) |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | 26,250 | 26,250 | 0.39 | - | 26,250 | 26,250 | 0.39 | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 83,226 | - | 83,226 | 1.24 | 83,226 | - | 83,226 | 1.24 | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 85,981 | 33,132 | 1,19,113 | 1.77 | 86,189 | 28,732 | 1,14,921 | 1.71 | (0.06) |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|-----------------|------------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 7,00,362 | 865 | 7,01,227 | 10.44 | 7,12,527 | 195 | 7,12,769 | 10.61 | 0.17 |
| ii) Overseas | 2,52,000 | - | 2,52,000 | 3.75 | 2,52,000 | - | 2,52,000 | 3.75 | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 9,87,920 | 1,90,390 | 11,78,310 | 17.53 | 10,56,395 | 1,51,823 | 12,08,218 | 17.98 | 0.45 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 9,54,128 | 16,158 | 9,70,286 | 14.44 | 8,83,339 | 16,158 | 8,99,497 | 13.39 | (1.05) |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 8,125 | 1,737 | 9,862 | 0.15 | 18,640 | 977 | 19,617 | 0.29 | 0.14 |
| Overseas Corporate Bodies | - | 200 | 200 | 0.00 | - | 200 | 200 | 0.00 | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 27,019 | - | 27,019 | 0.40 | 19215 | - | 19215 | 0.29 | (0.11) |
| Trusts | - | - | - | - | - | 810 | 810 | 0.01 | 0.01 |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Rane Engine Valve Limited - Unclaimed Shares Suspense Account | 25,399 | - | 25,399 | 0.38 | 3,517 | - | 3,517 | 0.05 | (0.33) |
| Investor Education and Protection Fund Authority Ministry of Corporate Affairs | - | - | - | - | 49,629 | 5,671 | 55,300 | 0.82 | 0.82 |
| Sub-total (B)(2):- | 29,54,953 | 2,09,350 | 31,64,303 | 47.09 | 29,96,119 | 1,75,024 | 31,71,143 | 47.20 | 0.11 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 30,40,934 | 2,42,482 | 32,83,216 | 48.87 | 30,82,308 | 2,03,756 | 32,86,064 | 48.91 | 0.04 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 64,76,510 | 2,42,482 | 67,18,992 | 100.00 | 65,14,426 | 2,04,566 | 67,18,992 | 100.00 | - |

(ii) Shareholding of Promoters:

| Sl. No. | Shareholder's Name | At the beginning of the year | | | At the end of the year | | | % of change in shareholding during the year |
|---------|-------------------------------------|------------------------------|----------------------------------|--|------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | Rane Holdings Limited | 34,31,054 | 51.07 | - | 34,31,054 | 51.07 | - | - |
| 2 | Sumant Narayan | 1,524 | 0.03 | - | - | - | - | (0.03) |
| 3 | Suchitra Narayan | 1,124 | 0.02 | - | - | - | - | (0.02) |
| 4 | Malavika Lakshman | 1,200 | 0.02 | - | 1,200 | 0.02 | - | - |
| 5 | Chitra Sundaresan | 189 | 0.00 | - | 189 | 0.00 | - | - |
| 6 | Malavika Lakshman & Harish Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 7 | Pushpa Lakshman & L Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 8 | Vinay Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 9 | Lakshman Harish | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 10 | Ganesh L & Meenakshi Ganesh | 85 | 0.00 | - | 85 | 0.00 | - | - |
| 11 | Meenakshi Ganesh & Ganesh L | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 12 | Lakshman L & Pushpa Lakshman | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 13 | Aparna Ganesh | 50 | 0.00 | - | 50 | 0.00 | - | - |
| 14 | Aditya Ganesh | 50 | 0.00 | - | 50 | 0.00 | - | - |
| | Total | 34,35,576 | 51.14 | - | 34,32,928 | 51.09 | - | (0.05) |

(iii) Change in Promoters' Shareholding:

| Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|---|---|----------------------------------|---|----------------------------------|------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | |
| At the beginning of the year | 34,35,576 | 51.13 | 34,35,576 | 51.13 | |
| Sumant Narayan | 1,524 | 0.03 | 1,524 | 0.03 | |
| Suchitra Narayan | 1,124 | 0.02 | 1,124 | 0.02 | |
| Other Promoters | 34,32,928 | 51.09 | 34,32,928 | 51.09 | |
| Date wise Increase in Promoters shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | | | | | |
| Sumant Narayan - Transfer of shares by market sale | | | | | |
| | 20.12.2017 | (200) | 0.00 | 1,324 | 0.02 |
| | 21.12.2017 | (500) | 0.01 | 824 | 0.01 |
| | 22.12.2017 | (415) | 0.01 | 409 | 0.01 |
| | 26.12.2017 | (149) | 0.00 | 260 | 0.00 |
| | 27.12.2017 | (1) | 0.00 | 259 | 0.00 |
| | 26.02.2018 | (259) | 0.00 | - | - |
| Suchitra Narayan - Transfer of shares by market sale | | | | | |
| | 19.12.2017 | (150) | 0.00 | 974 | 0.01 |
| | 20.12.2017 | (658) | 0.01 | 316 | 0.00 |
| | 21.12.2017 | (116) | 0.00 | 200 | 0.00 |
| | 22.12.2017 | (200) | 0.00 | - | - |
| At the end of the year | 34,32,928 | 51.09 | 34,32,928 | 51.09 | |
| Sumant Narayan | - | - | - | - | |
| Suchitra Narayan | - | - | - | - | |
| Other Promoters | 34,32,928 | 51.09 | 34,32,928 | 51.09 | |

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

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Date (DD/MM/YYYY) | Increase/ Decrease in shareholding | % of total shares of the Company | Reason | Cumulative Shareholding during the year | |
|------------|---|---|----------------------------------|-------------------|------------------------------------|----------------------------------|--------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | | No. of shares | % of total shares of the Company |
| 1 | Enam Securities Private Limited | 4,78,890 | 7.13 | - | - | - | - | 4,78,890 | 7.13 |
| 2 | TRW Automotive JV LLC | 2,52,000 | 3.75 | - | - | - | - | 2,52,000 | 3.75 |
| 3 | Hiten Anantrai Sheth | 1,35,778 | 2.02 | - | - | - | - | 1,35,778 | 2.02 |
| 4 | Gagandeep Credit Capital Pvt Ltd | 81,970 | 1.22 | - | - | - | - | 81,970 | 1.22 |
| 5 | Nemish S Shah | 67,900 | 1.01 | - | - | - | - | 67,900 | 1.01 |
| 6 | Dixit Gunvantrai Shah | 65,000 | 0.97 | - | - | - | - | 65,000 | 0.97 |
| 7 | Gunvantrai Maganlal Shah | 64,998 | 0.97 | - | - | - | - | 64,998 | 0.97 |
| 8 | M M Narayanamma | 63,283 | 0.94 | 28.04.2017 | (1,555) | (0.02) | Sale | 61,728 | 0.92 |
| | | | | 05.05.2017 | (3,500) | (0.05) | Sale | 58,228 | 0.87 |
| | | | | 12.05.2017 | (1,000) | (0.02) | Sale | 57,228 | 0.85 |
| | | | | 19.05.2017 | (1,000) | (0.02) | Sale | 56,228 | 0.84 |
| | | | | 02.06.2017 | (4,000) | (0.06) | Sale | 52,228 | 0.78 |
| | | | | 09.06.2017 | (7,000) | (0.10) | Sale | 45,228 | 0.67 |
| | | | | 23.06.2017 | (7,000) | (0.10) | Sale | 38,228 | 0.57 |
| | | | | 29.09.2017 | (38,203) | (0.57) | Sale | 25 | 0.00 |
| 30.09.2017 | 38,203 | 0.57 | Purchase | 38,228 | 0.57 | | | | |
| 9 | Wise Trading and Advisory Private Limited | 61,825 | 0.92 | 20.10.2017 | (61,825) | (0.92) | Sale | - | - |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Date (DD/MM/YYYY) | Increase/ Decrease in shareholding | % of total shares of the Company | Reason | Cumulative Shareholding during the year | |
|------------|--|---|----------------------------------|-------------------|------------------------------------|----------------------------------|----------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | | No. of shares | % of total shares of the Company |
| 10 | Chitra Venkataraman | 56,885 | 0.85 | 28.07.2017 | (3,385) | (0.05) | Sale | 53,500 | 0.80 |
| | | | | 04.08.2017 | (2,000) | (0.03) | Sale | 51,500 | 0.77 |
| | | | | 11.08.2017 | (2,000) | (0.03) | Sale | 49,500 | 0.74 |
| | | | | 18.08.2017 | (2,000) | (0.03) | Sale | 47,500 | 0.71 |
| | | | | 25.08.2017 | (893) | (0.01) | Sale | 46,607 | 0.69 |
| | | | | 01.09.2017 | (507) | (0.01) | Sale | 46,100 | 0.69 |
| | | | | 15.09.2017 | (400) | (0.01) | Sale | 45,700 | 0.68 |
| | | | | 01.12.2017 | (100) | (0.00) | Sale | 45,600 | 0.68 |
| | | | | 08.12.2017 | (700) | (0.01) | Sale | 44,900 | 0.67 |
| | | | | 22.12.2017 | 500 | 0.01 | Purchase | 45,400 | 0.68 |
| | | | | 29.12.2017 | 100 | 0.00 | Purchase | 45,500 | 0.68 |
| | | | | 05.01.2018 | 170 | 0.00 | Purchase | 45,670 | 0.68 |
| | | | | 12.01.2018 | 16 | 0.00 | Purchase | 45,686 | 0.68 |
| | | | | 26.01.2018 | (6,499) | (0.10) | Sale | 39,187 | 0.58 |
| | | | | 09.02.2018 | 513 | 0.01 | Purchase | 39,700 | 0.59 |
| 30.03.2018 | (39,700) | (0.59) | Sale | - | - | | | | |
| 11 | Bhavna Govindbhai Desai | 52,654 | 0.78 | 02.06.2017 | 610 | 0.01 | Purchase | 53,264 | 0.79 |
| 12 | Dharani B | 47,041 | 0.70 | - | - | - | - | 47,041 | 0.70 |
| 13 | United India Insurance Company Limited | 45,451 | 0.68 | - | - | - | - | 45,451 | 0.68 |
| 14 | Mukesh Chimanlal Patani | 39,060 | 0.58 | - | - | - | - | 39,060 | 0.58 |
| 15 | Anuj Anantrai Sheth | 37,789 | 0.56 | - | - | - | - | 37,789 | 0.56 |
| 16 | Srikanth V | 301 | 0.00 | 30.03.2018 | 39,399 | 0.59 | Purchase | 39,700 | 0.59 |
| 17 | Purvaj Advisors Private Limited | - | - | 20.10.2017 | 61,825 | 0.92 | Purchase | 61,825 | 0.92 |
| 18 | Investor Education And Protection Fund Authority | - | - | 01.12.2017 | 20,286 | 0.30 | Transfer to IEPF Authority | 20,286 | 0.30 |
| | | | | 02.02.2018 | 29,343 | 0.44 | | 49,629 | 0.74 |
| | | | | 08.03.2018 | 5,671 | 0.08 | | 55,300 | 0.82 |

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. Indebtedness:

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

Amount in ₹

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|----------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 78,62,46,980 | 1,57,20,727 | - | 80,19,67,707 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 29,83,805 | - | - | 29,83,805 |
| Total (i+ii+iii) | 78,92,30,785 | 1,57,20,727 | - | 80,49,51,512 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 40,80,97,236 | - | - | 40,80,97,236 |
| Reduction | (15,22,00,207) | (1,05,46,596) | - | (16,27,46,803) |
| Net Change | 25,58,97,029 | (1,05,46,596) | - | 24,53,50,433 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 107,78,42,137 | 51,74,131 | - | 108,30,16,268 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 36,71,513 | - | - | 36,71,513 |
| Total (i+ii+iii) | 108,15,13,650 | 51,74,131 | - | 108,66,87,781 |

VI. Remuneration of Directors and Key Managerial Personnel:**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Mr. L Ganesh, Managing Director does not draw any remuneration from the Company.

B. Remuneration to other Directors:

Amount in ₹

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | | Total Amount |
|--------------------------|--|-------------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|
| | | L Lakshman | Harish Lakshman | C N Srivatsan | R V Raghavan* | Ashok Malhotra | S Krishna Kumar | Brinda Jagirdar | |
| 1 | Independent Directors | | | | | | | | |
| a | Fee for attending board / committee meetings | - | - | 1,67,500 | 20,000 | 1,25,000 | 1,60,000 | 80,000 | 5,52,500 |
| b | Commission | - | - | - | - | - | - | - | - |
| c | Others, please specify | - | - | - | - | - | - | - | - |
| Total (1) | | - | - | 1,67,500 | 20,000 | 1,25,000 | 1,60,000 | 80,000 | 5,52,500 |
| 2 | Other Non-Executive Directors | | | | | | | | |
| a | Fee for attending board / committee meetings | 1,62,500 | 82,500 | - | - | - | - | - | 2,45,000 |
| b | Commission | - | - | - | - | - | - | - | - |
| c | Others, please specify | - | - | - | - | - | - | - | - |
| Total (2) | | 1,62,500 | 82,500 | - | - | - | - | - | 2,45,000 |
| Grand Total (1+2) | | 1,62,500 | 82,500 | 1,67,500 | 20,000 | 1,25,000 | 1,60,000 | 80,000 | 7,97,500 |

* Mr. R V Raghavan retired as per retirement policy of the Company, on attaining age of 75 years, effective conclusion of meeting of Board of Directors held on 18 May, 2017.

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

Amount in ₹

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|--------------|---|--------------------------|--------------------------------|------------------|
| | | Chief Financial Officer | Company Secretary [^] | Total |
| | | V K Vijayaraghavan | Kalidoss S | |
| 1 | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 32,09,191 | 17,59,256 | 49,68,447 |
| (a) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | 2,250 | 2,250 |
| (b) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| (c) | | | | |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission- as % of profit | - | - | - |
| 5 | Others, please specify | - | - | - |
| Total | | 32,09,191 | 17,61,506* | 49,70,697 |

[^] Appointed as Company Secretary w.e.f. 18 May, 2017

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

VII. Penalties / Punishment/ Compounding of Offences:

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

For and on behalf of the board

Chennai
02 May, 2018

L GANESH
Chairman & Managing Director
DIN : 00012583

HARISH LAKSHMAN
Vice Chairman
DIN : 00012602

ANNEXURE G TO REPORT OF THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE REPORT

1. Philosophy on Code of Governance

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

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

2. Board of Directors

Composition, Attendance & Meetings

As of 31 March, 2018, the Board of Directors of the Company consists of six (6) non-executive directors, (1) executive Chairman and one woman director with majority being Independent Directors. The composition of the Board

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

The Board met four (4) times during the financial year 2017-18 on 18 May, 2017; 21 August, 2017, 20 November, 2017 and 25 January, 2018. The names and categories of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year, the number of directorships and committee memberships / chairperson position(s) held by them in other public companies as on 31 March, 2018 are given below:

| Name of the Director / (DIN) | Category | No of board meetings attended | Attendance at the last AGM (21 August, 2017) | Number of Directorship in other public companies # | | Number of Committees Membership ® | |
|--------------------------------------|---|-------------------------------|--|--|--------|-----------------------------------|--------|
| | | | | Chairperson | Member | Chairperson | Member |
| Mr. L Ganesh (00012583) | Chairman, Managing Director & Promoter | 4 | Yes | 3 | 5 | - | 6 |
| Mr. Harish Lakshman (00012602) | Vice Chairman, Non-Executive & Promoter | 4 | Yes | - | 4 | 2 | 3 |
| Mr. L Lakshman (00012554) | Non-Executive & Promoter | 4 | Yes | - | 5 | 1 | 4 |
| Ms. Ashok Malhotra (00029017) | Non-Executive & Independent | 3 | No | - | - | - | - |
| Mr. C N Srivatsan (00002194) | Non-Executive & Independent | 4 | Yes | - | 1 | - | 1 |
| Dr. (Ms.) Brinda Jagirdar (06979864) | Non-Executive & Independent | 4 | Yes | - | 3 | 1 | 4 |

| Name of the Director / (DIN) | Category | No of board meetings attended | Attendance at the last AGM (21 August, 2017) | Number of Directorship in other public companies # | | Number of Committees Membership @ | |
|--------------------------------|-----------------------------|-------------------------------|--|--|--------|-----------------------------------|--------|
| | | | | Chairperson | Member | Chairperson | Member |
| Mr. S Krishna Kumar (00062582) | Non-Executive & Independent | 4 | Yes | - | - | - | - |
| Mr. R V Raghavan* (01754139) | Non-Executive & Independent | 1 | | Not Applicable | | | |

* Mr. R V Raghavan retired as per retirement policy of the Company, on attaining age of 75 years, effective conclusion of meeting of Board of Directors held on 18 May, 2017.

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

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

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

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

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

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

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

3. Audit Committee

Composition, Attendance and Meetings

The composition of the Audit Committee of the Board is in conformity with the requirements of Section 177 of the

Companies Act, 2013 and Regulation 18 of SEBI LODR. The Committee met four (4) times during the year 18 May, 2017; 21 August, 2017; 20 November, 2017 and 25 January, 2018. The details of members and their attendance are as below:

| Name of the Director | Category | No of meetings attended |
|----------------------|---|-------------------------|
| Mr. C N Srivatsan | Chairman, Non – Executive & Independent | 4 |
| Mr. Ashok Malhotra | Member, Non – Executive & Independent | 3 |
| Mr. L Lakshman | Member, Non – Executive & Promoter | 4 |
| Mr. S Krishna Kumar | Member, Non – Executive & Independent | 4 |

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

The Company Secretary acts as the Secretary to the Committee.

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

Overall purpose and terms of reference

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

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

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

- Quarterly / Annual financial statements with statutory auditors and management before submission to the Board.
- Internal control systems, findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- Internal audit function, internal audit reports relating to internal control weaknesses and functioning of whistle blower mechanism.
- Evaluation of internal financial controls and risk management systems
- Management discussion and analysis of financial condition, results of operation financial and risk management policies of the Company.
- Defaults, if any, in payments to depositors, shareholders / creditors and the status of the inter-corporate loans and investments for scrutiny in detail.
- Approve related party transactions, including any subsequent modifications thereto
- Compliance with listing and other legal requirements relating to financial statements
- Changes, if any, in accounting policies and practices and reasons for the same, major accounting

entries involving estimates based on the exercise of judgement by management and significant adjustments made in the financial statements arising out of the audit findings.

- Valuation of undertakings or assets of the Company, as and when required

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

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

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

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

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

4. Nomination and Remuneration Committee (NRC)

Composition, Attendance and Meetings

The Nomination and Remuneration Committee (NRC) of the Board in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR. The Committee met three (3) times during the year 18 May, 2017; 21 August, 2017 and 25 January, 2018. The details of members and their attendance are as below:

| Name of the Director | Category | No of meetings attended |
|----------------------|---|-------------------------|
| Mr. Ashok Malhotra | Chairman, Non – Executive & Independent | 2 |
| Mr. C N Srivatsan | Member, Non – Executive & Independent | 3 |
| Mr. L Lakshman | Member, Non – Executive & Promoter | 3 |

Terms of Reference:

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

During the year, the NRC considered inter alia, reviewed the process for evaluation of the board, its committee & directors and the compensation and benefits of senior management personnel (SMP) and key managerial personnel (KMP) of the Company. It had also recommended

the re-appointment of Mr. L Ganesh, as Managing Director for a period of three years from 01 April, 2017 to 31 March, 2020; re-appointment of Independent Directors Mr. C N Srivatsan, Mr. Ashok Malhotra and Mr. S Krishna Kumar, in their second term, at the 45th AGM; and appointment of Mr. Kalidoss S as Secretary of the Company.

Remuneration Policy

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

Sitting fees

The Company has not paid any remuneration apart from sitting fees for attending meetings of board and committees thereof and reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings.

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

Details of Remuneration paid to Directors

The details of remuneration paid to the directors during the financial year and their shareholding as at the year ended 31 March, 2018 are as follows:

| Name of the Director | Sitting Fees (₹) | Shares held as on 31 March, 2018 [@] |
|---------------------------|------------------|---|
| Mr. L Ganesh | - | 135 |
| Mr. Harish Lakshman | 82,500 | 100 |
| Mr. L Lakshman | 1,62,500 | 100 |
| Mr. Ashok Malhotra | 1,25,000 | - |
| Mr. C N Srivatsan | 1,67,500 | - |
| Mr. S Krishna Kumar | 1,60,000 | - |
| Dr. (Ms.) Brinda Jagirdar | 80,000 | - |
| Mr. R V Raghavan* | 20,000 | - |

@ includes joint holdings & HUF, if any

* retired with effect from 18 May, 2017

Note:

- No other remuneration was paid to non-executive directors except sitting fees.

2. Mr. L Ganesh, Chairman and Managing Director is not eligible for any remuneration as per the terms approved by the shareholders at the 45th Annual General Meeting of the Company held on 21 August, 2017.
3. No shares were pledged by the directors. None of the Independent Directors hold any share in the Company. There is no stock option scheme prevailing in the Company.

5. Stakeholder's Relationship Committee

Composition & Attendance of Meetings

The Stakeholder's Relationship Committee looks into grievances of shareholders and redress them expeditiously in accordance with Section 178 of the Companies Act, 2013 and as per the requirements under Regulation 20 of SEBI LODR. The Company Secretary is the compliance officer of the Company and acts as Secretary to the committee. The Committee met three (3) times during the year 18 May, 2017; 21 August, 2017 and 20 November, 2017. The details of members and their attendance are stated below:

| Name of the Director | Category | No. of meetings attended |
|----------------------|---|--------------------------|
| Mr. Ashok Malhotra | Chairman, Non - Executive & Independent | 2 |
| Mr. C N Srivatsan | Member, Non - Executive & Independent | 3 |
| Mr. L Ganesh | Member, Executive & Promoter | 3 |

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

| Through | Nature of Complaint | Received during the year | Resolved | Pending at the end of the year |
|---|---|--------------------------|----------|--------------------------------|
| Regulatory Authorities (MCA / SEBI / Stock Exchanges) | Service of documents by speed post to the shareholder | 1 | 1 | - |
| Registrar & Transfer Agent | Non-receipt of dividend warrant, transmission procedures, new share certificates issued after amalgamation. | 4 | 4 | - |

During the year, no complaints were received under the SEBI Complaints Redress System (SCORES). There are no investor complaints pending unresolved at the end of the financial year 2017-18.

6. Corporate Social Responsibility (CSR) Committee

The CSR vision of the Company focus on four specific areas of (a) Education (b) Healthcare (c) Community Development (d) Environment. The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee. During the year, the Committee met once on 18 May, 2017 and was attended by all the members of the Committee. The composition of committee is as follows:

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

The Company Secretary acts as the Secretary to the Committee. In view of the losses made during the previous years, the Company was not required to spend on CSR activities in terms of Section 135 of the Act and rules thereunder. However, as a measure of goodwill the Committee, recommended to the board towards few initiatives identified in line with the CSR policy of the Company.

The terms of reference of the Committee are as follows:

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

The report on CSR projects undertaken during the year 2017-18 as approved by the board based on recommendations of the CSR committee is annexed to Director's Report as '**Annexure D**'.

7. Other Committees

Share Transfer Committee

To expedite the process of share transfers, the Board has delegated the power to approve share transfer, transmission,

dematerialisation / rematerialisation, split / consolidation, issue of duplicate share certificates etc. to a committee comprising of such senior officials designated from time to time. The Committee meets on a case to case basis to approve share transfers and transmissions. The Committee reports the details of transfer of securities to the Board at each meeting of the Board. No sitting fees is payable to the committee members.

Finance Committee

The Finance Committee has been constituted to exercise the borrowing powers delegated by the Board, to approve the financial facilities in connection with the capital expenditures and working capital expenditures of the Company, as per the Annual Operating Plans approved by the Board. During the year one (1) meeting was held on 28 July, 2017. The details of members and their attendance are stated below:

| Name of the Director | Category | No. of meetings attended |
|----------------------|------------------------------------|--------------------------|
| Mr. L Lakshman | Member, Non - Executive & Promoter | 1 |
| Mr. L Ganesh | Member, Executive & Promoter | - |
| Mr. Harish Lakshman | Member, Non- Executive & Promoter | 1 |

Executive Committee

The Executive Committee has been constituted to carry out activities in connection with change in operation of bank accounts and authorization of officials under various legislations and other administrative matters between two consecutive meetings of the Board. The committee comprises of Mr. L Ganesh, Mr. Harish Lakshman and Mr. L Lakshman as its members. No sitting fees is payable to the committee members. During the year no meeting was held.

8. Code of conduct

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

Prevention of Insider Trading

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

9. General Body Meetings

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

| Date of AGM | Special resolutions passed | Time | Venue |
|--|---|----------|--|
| 21 August, 2017 (45 th AGM) | 1. Re-appointment of Mr. C N Srivatsan as an Independent Director for a second term 2. Re-appointment of Mr. Ashok Malhotra as an Independent Director for a second term 3. Appointment of Mr. Krishna Kumar Seshadri as an Independent Director. | 03.00 pm | The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014. |
| 25 July, 2016 (44 th AGM) | No Special resolution was passed | 10.15 am | |
| 21 July, 2015 (43 rd AGM) | Mortgage / Create charge on the assets of the Company u/s 180(1)(a) and other applicable provisions of the Companies Act, 2013 and rules made thereunder in connection with borrowings. | 10.30 am | |

10. Disclosures

1. During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives or subsidiaries etc., which were in conflict with the interests of the Company. The transactions entered with related parties during the year were covered under the omnibus approval of the Audit Committee and were in the ordinary course and arms' length. The details of the related party transactions as per Ind AS as stated in note no. 28 of the financial statements. The policy on related party transaction is available on the website of the Company viz. URL: http://ranegroup.com/revl_investors/revl-policy-on-related-party-transaction/
2. There was no instance of non-compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority on such matters during the last three years.
3. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.
4. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
5. The Company has complied with all the mandatory requirements prescribed under Chapter IV of the SEBI LODR.

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

- i. adopting best practices to ensure a regime of unqualified financial statements
 - ii. individual communication of half-yearly performance including summary of the significant events to shareholders
 - iii. internal auditor directly reporting to the Audit Committee
6. In order to comply with all laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal standards, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate

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

7. The Company does not have any material listed / unlisted subsidiary companies as defined in Regulation 24 of the SEBI LODR.
8. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Sec 149 of the Companies Act, 2013 and Regulation 16 of the SEBI LODR.
9. The Managing Director and CFO of the Company have certified to the Board on the integrity of the financial statements, effectiveness of internal controls and significant changes in internal control /accounting policies during the year as required under Regulation 17(8) of the SEBI LODR and Companies Act, 2013.
10. The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of SEBI LODR.

11. Whistle blower mechanism

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

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

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

12. Means of communication

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

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

13. General Shareholder Information

- i. Information about director(s) seeking re-appointment in this Annual General Meeting in compliance with Regulation 26(4) & 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2) as on 02 May, 2018.

| Name of the Director | Mr. L Lakshman | Dr. (Ms.) Brinda Jagirdar |
|---|---|--|
| Father's Name | Mr. L L Narayan | Mr. Subramanian Ramachandran |
| Director Identification Number (DIN) | 00012554 | 06979864 |
| Age (in years) | 71 | 65 |
| Date of Birth | 17 July, 1946 | 01 March, 1953 |
| Educational Qualifications | B.E, Executive MBA from London Business School | Ph.D., in Economics from University of Mumbai and M.S. in Economics from the University of California at Davis, USA, M.A. in Economics from Gokhale Institute, Pune. |
| Experience | Mr. L Lakshman had been spearheading the business of Rane Group of companies and has more than 48 years of industrial experience. He provides guidance and mentorship to the management and advisory support in initiatives of strategic importance to the Group's future growth plans. | Dr. Brinda Jagirdar is an independent consulting economist with specialization in areas relating to the Indian economy and financial intermediation. She currently consults with financial institutions, banks and corporates interested in India and is visiting faculty at many prominent institutions. She retired as General Manager and Chief Economist, State Bank of India. |
| Date of first appointment on the board | 25 July, 1997 | 1 st term as Independent Director under Companies Act 2013: 24 October, 2014 |
| Terms and Conditions of appointment | Appointment as a non-executive director, liable to retire by rotation | Proposed to be re-appointed as Independent Director for a second term as per Notice convening the 46 th AGM read with explanatory statement thereto. |
| Last drawn remuneration | Sitting fee for FY 2017-18 ₹ 1,62,500 | Sitting fee for FY 2017-18 ₹ 80,000 |
| Remuneration sought to be paid | No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees of which he is a member. | No approval sought for remuneration. Eligible for sitting fee for attending meetings of the Board and Committees of which she is a member. |
| Relationship with other Directors/Manager/KMP | Brother of Mr. L Ganesh and Father of Mr. Harish Lakshman. | - |

| Name of the Director | Mr. L Lakshman | Dr. (Ms.) Brinda Jagirdar |
|---|---|---|
| Other Directorships | <p>Chairman Emeritus</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited <p>Director</p> <ol style="list-style-type: none"> 1. Rane Brake Lining Limited 2. Rane (Madras) Limited 3. D C M Limited 4. SRF Limited 5. Rane TRW Steering Systems Private Limited 6. Rane NSK Steering Systems Private Limited | <p>Director</p> <ol style="list-style-type: none"> 1. Capital First Limited 2. Capital First Home Finance Limited 3. Continental Warehousing Corporation (Nhava Seva) Limited 4. Multi Commodity Exchange Clearing Corporation Limited |
| Committee Memberships in other Boards | <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. SRF Limited 3. D C M Limited 4. Rane NSK Steering Systems Private Limited 5. Rane TRW Steering Systems Private Limited <p>Chairperson – Stakeholders’ Relationship</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited <p>Member - Nomination and Remuneration</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited <p>Chairman – Corporate Social Responsibility</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. Rane Holdings Limited 3. Rane Brake Lining Limited 4. Rane NSK Steering Systems Private Limited 5. Rane TRW Steering Systems Private Limited <p>Member – Corporate Social Responsibility</p> <ol style="list-style-type: none"> 1. SRF Limited | <p>Chairperson – Stakeholders’ Relationship</p> <ol style="list-style-type: none"> 1. Capital First Limited <p>Chairperson – Nomination & Remuneration</p> <ol style="list-style-type: none"> 1. Multi Commodity Exchange Clearing Corporation Limited <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Capital First Home Finance Limited 2. Multi Commodity Exchange Clearing Corporation Limited <p>Member – Stakeholders’ Relationship</p> <ol style="list-style-type: none"> 1. Continental Warehousing Corporation (Nhava Sheva) Limited <p>Member – Risk Management</p> <ol style="list-style-type: none"> 1. Continental Warehousing Corporation (Nhava Sheva) Limited <p>Member – Nomination & Remuneration</p> <ol style="list-style-type: none"> 1. Capital First Home Finance Limited <p>Member – Corporate Social Responsibility</p> <ol style="list-style-type: none"> 1. Capital First Limited |
| Number of meetings of the Board attended during the year | Four (4) | Four (4) |
| Number of equity shares held (including joint holding, if any) | 100 | Nil |

- ii. **Annual General Meeting** **23 July, 2018 (Monday) at 10.15 a.m.**
The Music Academy (Mini Hall)
New No.168, T T K Road
Royapettah, Chennai-600 014

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

Financial Calendar

| Board meeting for approval of | Tentative Date |
|--|--------------------------------|
| Annual Accounts for the year ended 31 March, 2018 | 02 May, 2018 |
| Un-audited results for the 1 st quarter ending 30 June, 2018 | By fourth week of July 2018 |
| Un-audited results for the 2 nd quarter ending 30 September, 2018 | By fourth week of October 2018 |
| Un-audited results for the 3 rd quarter ending 31 December, 2018 | By fourth week of January 2019 |

- iv. **Listing on Stock Exchanges**

| Stock Exchanges | Stock Code |
|---|------------|
| National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 | RANEENGINE |
| BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 | 532988 |

Listing Fee

The shares of the Company are listed on NSE & BSE, which provide nationwide access to trade and deal in Company's equity shares across the country. The Company has paid the Annual Listing fee for the financial year 2017 - 18 to NSE & BSE where the shares of the Company continue to be listed.

- v. **Unpaid / Unclaimed Dividends**

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended 31 March, 2011 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile Kar Mobiles 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, being unclaimed final dividend ₹ 1,30,268/- for the financial year ended 31 March, 2010 and being interim dividend amount ₹ 3,62,746/- for the financial year ended 31 March, 2011. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividends when due for transfer to the said fund is given below: -

| Year | Date of declaration | Dividend per share# (₹) | Amount outstanding in Unclaimed Dividend Account (as on 31 March, 2018)^ (₹) | Last Date for claiming unpaid dividend | Due date for transfer to IEPF |
|-------------|--------------------------|-------------------------|--|--|-------------------------------|
| 31.03.2011 | 21.07.2011 ^{\$} | 1 | 64,506.00 | 26.08.2018 | 25.09.2018 |
| 31.03.2011 | 20.07.2011 | 2 | 65,216.00 | 25.08.2018 | 24.09.2018 |
| 31.03.2012* | 23.01.2012 ^{\$} | 5 | 3,20,295.00 | 28.02.2019 | 30.03.2019 |
| 31.03.2012* | 24.01.2012 | 7.5 | 2,89,875.00 | 01.03.2019 | 31.03.2019 |
| 31.03.2012 | 24.07.2012 ^{\$} | 3.5 | 98,175.00 | 29.08.2019 | 28.09.2019 |
| 31.03.2012 | 23.07.2012 | 3 | 2,24,304.50 | 28.08.2019 | 25.09.2019 |
| 31.03.2013* | 21.01.2013 ^{\$} | 2 | 1,50,876.00 | 26.02.2020 | 27.03.2020 |

| Year | Date of declaration | Dividend per share# (₹) | Amount outstanding in Unclaimed Dividend Account (as on 31 March, 2018)^ (₹) | Last Date for claiming unpaid dividend | Due date for transfer to IEPF |
|--------------|-------------------------|-------------------------|--|--|-------------------------------|
| 31.03.2013 | 23.07.2013 [§] | 2.5 | 1,77,632.50 | 28.08.2020 | 27.09.2020 |
| 31.03.2014 | 25.07.2014 [§] | 2.5 | 1,80,700.00 | 30.08.2021 | 29.09.2021 |
| 31.03.2015 | 21.07.2015 | 2.5 | 2,22,467.50 | 27.08.2022 | 26.09.2022 |
| 31.03.2016** | - | - | - | - | - |
| 31.03.2017 | 21.08.2017 | 2.5 | 2,57,752.50 | 27.09.2024 | 27.10.2024 |

§ Pertains to Kar Mobiles Limited since amalgamated with the Company.

** No dividend was declared for the year 2015-16

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

* Interim Dividend

^ Amounts reflect confirmation of balance issued by banks.

vi. Transfer of shares to IEPF Authority

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

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

| Year from which dividend has remained unclaimed / unpaid for seven consecutive years | No. of shares |
|--|---------------|
| 2009-10 (Interim) | 19,338 |
| 2009-10 (Interim) [§] | 29,098 |
| 2009-10 (Final) | 948 |
| 2009-10 (Final) [§] | 245 |
| 2010-11 (Interim) | 184 |
| 2010-11 (Interim) [§] | 5,966 |

§ Pertains to Kar Mobiles Limited since amalgamated with the Company.

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

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

vii. Unclaimed Shares Suspense Account

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

| Details of Unclaimed Shares Suspense Account | Number of shareholders | Outstanding shares |
|--|------------------------|--------------------|
| Aggregate at the beginning of the year | 264 | 25,399 |
| Requests received for transfer during the year | 222 | 21,882 |
| Transfers made during the year | 222 | 21,882 |
| Balance lying in at the end of the year | 42 | 3,517 |

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

viii. Share Price Data:

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

| Month | BSE | | BSE Sensex | | NSE | | NSE Nifty | |
|----------------|------------------|--------|------------|-----------|------------------|--------|-----------|-----------|
| | Share Prices (₹) | | High | Low | Share Prices (₹) | | High | Low |
| | High | Low | | | High | Low | | |
| April 2017 | 681.20 | 545.00 | 30,184.22 | 29,241.48 | 679.80 | 597.60 | 9,367.15 | 9,075.15 |
| May 2017 | 661.80 | 550.05 | 31,255.28 | 29,804.12 | 660.00 | 547.60 | 9,649.60 | 9,269.90 |
| June 2017 | 742.90 | 581.00 | 31,522.87 | 30,680.66 | 744.00 | 581.25 | 9,709.30 | 9,448.75 |
| July 2017 | 715.00 | 623.00 | 32,672.66 | 31,017.11 | 716.00 | 620.25 | 10,114.85 | 9,543.55 |
| August 2017 | 654.00 | 535.00 | 32,686.48 | 31,128.02 | 645.90 | 540.15 | 10,137.85 | 9,685.55 |
| September 2017 | 679.00 | 576.00 | 32,524.11 | 31,081.83 | 680.00 | 571.00 | 10,178.95 | 9,687.55 |
| October 2017 | 657.00 | 575.00 | 33,340.17 | 31,440.48 | 660.00 | 582.00 | 10,384.50 | 9,831.05 |
| November 2017 | 690.00 | 599.00 | 33,865.95 | 32,683.59 | 690.00 | 603.00 | 10,490.45 | 10,094.00 |
| December 2017 | 680.00 | 615.00 | 34,137.97 | 32,565.16 | 683.90 | 613.00 | 10,552.40 | 10,033.35 |
| January 2018 | 698.90 | 560.00 | 36,443.98 | 33,703.37 | 697.70 | 563.00 | 11,171.55 | 10,404.65 |
| February 2018 | 595.00 | 500.00 | 36,256.83 | 33,482.81 | 584.00 | 482.60 | 11,117.35 | 10,276.30 |
| March 2018 | 570.00 | 472.05 | 34,278.63 | 32,483.84 | 570.00 | 475.30 | 10,525.50 | 9,951.90 |

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

ix. Registrar and Transfer Agent

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

Integrated Registry Management Services Private Limited
SEBI Registration No. INR000000544
II Floor, 'Kences Towers', No.1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai – 600 017
Phone: 28140801 – 03, Fax: 28142479, 28143378
e-mail: corpserv@integratedindia.in
Website: www.integratedindia.in

x. Share Transfer System & Share Capital Audit

The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee, which approves the share transfers and de-mat / re-mat requests in coordination with the RTA. Share transfers

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

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

xi. Distribution of shareholding as on 31 March, 2018

| No. of shares held | Shareholders | | Shares | |
|--------------------|--------------|---------------|------------------|---------------|
| | Number | % to total | Number | % to total |
| Upto 500 | 6369 | 92.62 | 5,30,891 | 7.90 |
| 501 – 1000 | 238 | 3.46 | 1,70,445 | 2.54 |
| 1001 – 2000 | 126 | 1.83 | 1,81,612 | 2.70 |
| 2001 – 3000 | 37 | 0.54 | 91,475 | 1.36 |
| 3001 – 4000 | 22 | 0.32 | 74,942 | 1.12 |
| 4001 – 5000 | 17 | 0.25 | 75,337 | 1.12 |
| 5001 – 10000 | 30 | 0.44 | 2,08,748 | 3.11 |
| 10001 & above | 37 | 0.54 | 53,85,542 | 80.15 |
| Total | 6,876 | 100.00 | 67,18,992 | 100.00 |

xii. Shares

Dematerialization

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depository Services (India) Limited for dematerialisation of the shares held by investors. As of 31 March, 2018, about 96.96% of the shareholdings have been dematerialised.

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

| Particulars | Number of shares | | % to total capital | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| | As on 31 March, 2018 | As on 31 March, 2017 | As on 31 March, 2018 | As on 31 March, 2017 |
| Physical | 2,04,566 | 2,42,482 | 3.04 | 3.61 |
| Demat | 65,14,426 | 64,76,510 | 96.96 | 96.39 |
| Total | 67,18,992 | 67,18,992 | 100.00 | 100.00 |

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

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

Demat ISIN: **INE222J01013**

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

xiii. Plant locations - Refer Corporate Overview section of the Annual Report

xiv. Address for communication:

The Compliance Officer
Rane Engine Valve Limited
Rane Corporate Centre,
"Maithri" 132, Cathedral Road,
Chennai-600 086
Ph.28112472 Fax: 28112449
E-mail: investorservices@ranegroup.com

OR

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

To

The Members

Rane Engine Valve Limited

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

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

Chennai
02 May, 2018

L GANESH
Chairman & Managing Director
DIN : 00012583

INDEPENDENT AUDITOR'S CERTIFICATE

To

The Members

Rane Engine Valve Limited

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

For **VARMA & VARMA**
Chartered Accountants
Firm Regn No: 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

INDEPENDENT AUDITORS' REPORT

To,

The Members,

Rane Engine Valve Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the State of Affairs (financial position), profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Opinion

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

Other Matters

The comparative financial information of the Company for the year ended 31 March, 2017 and the transition date opening balance sheet as at 01 April, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the predecessor auditor whose report for the year ended 31 March, 2017 and 31 March, 2016 dated 18 May, 2017 and 19 May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, which have been restated by the Company to comply with Ind AS. Adjustments to the said comparative financial information for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act; and
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in 'Annexure B'.
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 18 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Chennai
02 May, 2018

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

P R PRASANNA VARMA
Partner
M.No. 025854

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

| Statute | Nature of dues | Amount (₹ In Cr) | Period to which the amount pertains | Forum where dispute is pending |
|------------------------------|----------------|------------------|-------------------------------------|---|
| Income Tax Act, 1961 | Income Tax | 0.23 | April 1994 to March 1995 | Honourable Supreme Court of India |
| Income Tax Act, 1961 | Income Tax | 0.60 | April 2002 to March 2005 | Honourable High Court of Madras |
| Finance Act, 1994 | Service Tax | 0.07 | April 2005 to March 2008 | Customs, Excise & Service Tax Appellate Tribunal, Bengaluru |
| Finance Act, 1994 | Service Tax | 0.02 | April 2005 to March 2008 | Commissioner of Central Excise (Appeals), Bengaluru |
| Finance Act, 1994 | Service Tax | 0.29 | April 2006 to March 2014 | Customs, Excise & Service Tax Appellate Tribunal, Hyderabad |
| The Central Excise Act, 1944 | Excise duty | 0.01 | April 1997 to March 1998 | Customs, Excise & Service Tax Appellate Tribunal, Bengaluru |

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

transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details there of have been duly disclosed in Note 28 to the standalone Ind AS financial statements as required by the applicable accounting standard.

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

For **VARMA & VARMA**
Chartered Accountants
Firm Regn No. 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

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

Opinion

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

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

For **VARMA & VARMA**
Chartered Accountants
Firm Regn No. 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

BALANCE SHEET

AS AT 31 MARCH, 2018

(₹ in crores)

| Particulars | Note | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|---|------|-------------------------|-------------------------|-------------------------|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 2(A) | 131.80 | 140.49 | 160.30 |
| Capital Work-in-Progress | 2(A) | 4.15 | 2.67 | 3.31 |
| Investment Property | 2(D) | 0.31 | 0.31 | 0.31 |
| Intangible Assets | 2(B) | 0.14 | 0.31 | 0.39 |
| Financial Assets | | | | |
| - Investments | 3 | 0.04 | 0.59 | 0.57 |
| - Other Financial Assets | 4 | 4.50 | 4.64 | 4.83 |
| Deferred tax assets (net) | 10 | 9.59 | 5.55 | 9.03 |
| Tax Assets (net) | 9 | 9.16 | 7.36 | 9.00 |
| Other Non-Current Assets | 5 | 1.19 | 2.14 | 0.12 |
| Total Non-Current Assets | | 160.88 | 164.06 | 187.86 |
| Current Assets | | | | |
| Inventories | 6 | 58.36 | 48.29 | 47.21 |
| Financial Assets | | | | |
| - Trade Receivables | 7 | 79.29 | 66.59 | 63.80 |
| - Cash and Cash Equivalents | 8 | 10.55 | 0.89 | 0.36 |
| - Bank balances other than above | 8 | 0.22 | 9.46 | 1.29 |
| - Other Financial Assets | 4 | 2.60 | 4.83 | 5.22 |
| Other Current Assets | 5 | 8.47 | 11.39 | 9.77 |
| Total Current Assets | | 159.49 | 141.45 | 127.65 |
| Assets Classified as held for sale | 2(C) | - | 0.80 | 0.01 |
| TOTAL ASSETS | | 320.37 | 306.31 | 315.52 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity Share Capital | 11 | 6.72 | 6.72 | 6.72 |
| Other Equity | 12 | 134.26 | 153.33 | 96.31 |
| Total Equity | | 140.98 | 160.05 | 103.03 |
| Non-Current Liabilities | | | | |
| Financial Liabilities | | | | |
| - Borrowings | 13 | 33.25 | 28.81 | 61.71 |
| - Other Financial Liabilities | 14 | - | 0.45 | 0.41 |
| Provisions | 15 | 11.05 | 7.33 | 6.66 |
| Total Non-Current Liabilities | | 44.30 | 36.59 | 68.78 |
| Current Liabilities | | | | |
| Financial Liabilities | | | | |
| - Borrowings | 13 | 61.45 | 38.64 | 58.48 |
| - Trade Payables | 16 | | | |
| - Micro and small enterprises | | 0.70 | 0.28 | 1.00 |
| - Others | | 49.06 | 40.73 | 39.19 |
| - Other Financial Liabilities | 14 | 21.56 | 24.85 | 39.87 |
| Other Current Liabilities | 17 | 1.41 | 2.94 | 2.86 |
| Provisions | 15 | 0.91 | 2.23 | 2.31 |
| Total Current Liabilities | | 135.09 | 109.67 | 143.71 |
| Total Liabilities | | 179.39 | 146.26 | 212.49 |
| TOTAL EQUITY AND LIABILITIES | | 320.37 | 306.31 | 315.52 |
| Significant Accounting Policies and key accounting estimates and judgements | 1 | | | |
| See accompanying notes to financial statements | 2-42 | | | |

As per our report of even date attached

For **VARMA & VARMA**
Chartered Accountants
Firm Registration No. 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

HARISH LAKSHMAN
Vice Chairman
DIN : 00012602

KALIDOSS S
Company Secretary

For and on behalf of the Board

L GANESH
Chairman & Managing Director
DIN : 00012583

V K VIJAYARAGHAVAN
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in crores)

| Particulars | Note | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|-----------|------------------------------|------------------------------|
| Revenue | | | |
| Revenue from Operations | 19 | 383.41 | 389.29 |
| Other Income | 20 | 1.77 | 2.34 |
| Total Revenue | | 385.18 | 391.63 |
| Expenses | | | |
| Cost of Raw Materials Consumed | 21 | 127.86 | 119.29 |
| Purchase of Stock-in-Trade | 22 | 7.68 | 8.56 |
| Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade | 23 | (2.73) | (0.56) |
| Excise Duty | | 8.17 | 34.00 |
| Employee Benefits Expense | 24 | 101.68 | 93.71 |
| Finance Costs | 25 | 7.58 | 9.92 |
| Depreciation and Amortization | 2(A),2(B) | 29.01 | 27.75 |
| Other Expenses | 26 | 127.06 | 111.83 |
| Total Expenses | | 406.31 | 404.50 |
| Profit / (Loss) before exceptional items and tax | | (21.13) | (12.87) |
| Exceptional items | 38 | - | 90.44 |
| Profit / (Loss) before tax | | (21.13) | 77.57 |
| Tax Expense | | | |
| Current Tax | | - | 16.05 |
| Deferred Tax | 10 | (4.04) | 3.83 |
| Excess/(Short) Tax Provision for earlier years | | (0.03) | - |
| Profit / (Loss) for the year | | (17.06) | 57.69 |
| Other Comprehensive Income (OCI) | | | |
| (A) Items that will not be reclassified to statement of Profit and Loss | | | |
| (i) Remeasurement of defined benefit plans | | 0.01 | (1.02) |
| (ii) Income tax expense on remeasurement of defined benefit plans | | (0.00) | 0.35 |
| Total Comprehensive Income for the Year | | (17.05) | 57.02 |
| Earnings per Equity Share: (Refer Note No.34) | | | |
| - Basic (in ₹) | | (25.40) | 85.86 |
| - Diluted (in ₹) | | (25.40) | 85.86 |
| Number of shares of ₹ 10 each | | 6,718,992 | 6,718,992 |
| Significant Accounting Policies and key accounting estimates and judgements | 1 | | |
| See accompanying notes to financial statements | 2-42 | | |

As per our report of even date attached

For **VARMA & VARMA**
Chartered Accountants
Firm Registration No. 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

HARISH LAKSHMAN
Vice Chairman
DIN : 00012602

KALIDOSS S
Company Secretary

For and on behalf of the Board

L GANESH
Chairman & Managing Director
DIN : 00012583

V K VIJAYARAGHAVAN
Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| A. Cash flow from operating activities | | |
| Net profit/(loss) before tax | (21.13) | 77.57 |
| Adjustments for: | | |
| Depreciation & Amortisation Expense | 29.01 | 27.75 |
| Unrealised Foreign exchange loss / (gain) - net | 0.10 | 0.22 |
| Finance Costs | 7.58 | 9.92 |
| Interest Income | (0.68) | (0.96) |
| (Gain) / Loss on disposal of Property, Plant & Equipment - Net | (0.02) | (92.11) |
| Assets Written off / Loss on Retirement of Assets | 0.74 | 3.18 |
| (Gain) / Loss on sale of investment | (0.00) | (0.53) |
| Provision for bad debts and bad debts written off | (0.05) | 0.18 |
| Advances Written Off / Provision for Doubtful Advances | 0.00 | 0.22 |
| Operating profit before working capital changes | 15.55 | 25.44 |
| Adjustments for (Increase) / Decrease in : | | |
| Trade receivables | (12.43) | (3.58) |
| Non-Current and Current financial assets | 11.45 | (7.04) |
| Inventories | (10.07) | (1.09) |
| Other Non-current and Current assets | 3.00 | (1.84) |
| Trade payables | 8.61 | 0.89 |
| Non-Current and Current financial liabilities | (0.50) | (2.17) |
| Other Non-Current and Current liabilities | (1.54) | 0.08 |
| Non-Current and Current provisions | 2.40 | (0.42) |
| Cash generated from operating activities | 16.47 | 10.27 |
| Income taxes paid - net of refund | (1.78) | (14.40) |
| Net cash (used in)/generated from operating activities (A) | 14.69 | (4.13) |
| B. Cash flow from investing activities | | |
| Purchase of Property, Plant and Equipment | (20.69) | (15.75) |
| Proceeds from sale of Property, Plant and Equipment | 0.03 | 94.65 |
| Purchase of Non-Current investments - Others | - | (0.02) |
| Proceeds from sale of Non-Current investments | 0.00 | - |
| Purchase of Current investments - Others | - | (31.35) |
| Proceeds from sale of Current investments | 0.00 | 31.88 |
| Interest received | 0.80 | 0.90 |
| Net cash (used in)/generated by investing activities (B) | (19.86) | 80.31 |

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| C. Cash flow from financing activities | | |
| Proceeds from Non-Current borrowings | 18.00 | 5.50 |
| Repayment of Non-Current borrowings | (15.24) | (48.72) |
| Proceeds from / (Repayment) of Current borrowings | 22.68 | (21.28) |
| Repayment of Interest Free Sales Tax Loan | (1.05) | (0.93) |
| Finance Costs paid | (7.51) | (10.18) |
| Dividend and Dividend tax paid | (2.05) | (0.04) |
| Net cash (used in)/generated by financing activities (C) | 14.83 | (75.65) |
| Net Increase/(Decrease) in cash equivalents (A)+(B)+(C) | 9.66 | 0.53 |
| Cash and cash equivalents at the beginning of the year | 0.89 | 0.36 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | 0.00 | 0.00 |
| Cash and cash equivalents - Closing Balance | 10.55 | 0.89 |
| | 9.66 | 0.53 |

Notes:

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

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|-------------------------|-------------------------|
| (b) Cash and Cash Equivalents comprises of | | |
| Balance with Banks: | | |
| - Current Accounts | 0.53 | 0.84 |
| - Deposit with Bank with maturity less than 3 months | 10.00 | 0.00 |
| - Cash on hand | 0.02 | 0.05 |
| Cash and Cash Equivalents in Cash Flow Statement | 10.55 | 0.89 |

The accompanying notes are an integral part of the financial statements

This is the Cash flow statement referred to in our report of even date

For **VARMA & VARMA**
Chartered Accountants
Firm Registration No. 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

HARISH LAKSHMAN
Vice Chairman
DIN : 00012602

KALIDOSS S
Company Secretary

For and on behalf of the Board

L GANESH
Chairman & Managing Director
DIN : 00012583

V K VIJAYARAGHAVAN
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in crores)

| Particulars | Share Capital | Other Equity | | | | Other Equity |
|---|---------------|-----------------|-----------------|-------------------|--|---------------|
| | | Capital Reserve | General Reserve | Retained Earnings | Remeasurement of Defined Benefit Plans through OCI | |
| Balance as at 01 April, 2016 | 6.72 | 1.34 | 105.41 | (10.44) | - | 96.31 |
| Profit for the year | - | - | - | 57.69 | - | 57.69 |
| Other Comprehensive Income for the year, net of taxes | - | - | - | - | - | - |
| - Remeasurement of Defined Benefit Plans | - | - | - | - | (0.67) | (0.67) |
| Total Comprehensive Income for the year | - | - | - | - | - | 57.02 |
| Transfer to General Reserve | - | - | - | - | - | - |
| Balance as at 31 March, 2017 | 6.72 | 1.34 | 105.41 | 47.25 | (0.67) | 153.33 |
| Profit / (Loss) for the year | - | - | - | (17.06) | - | (17.06) |
| Other Comprehensive Income for the year, net of taxes | - | - | - | - | - | - |
| - Remeasurement of Defined Benefit Plans | - | - | - | - | 0.01 | 0.01 |
| Total Comprehensive Income for the year | - | - | - | - | - | - |
| Dividends (Refer Note 12) | - | - | - | (1.68) | - | (1.68) |
| Tax on Dividend | - | - | - | (0.34) | - | (0.34) |
| Transfer to General Reserve | - | - | 27.54 | (27.54) | - | - |
| Balance as at 31 March, 2018 | 6.72 | 1.34 | 132.95 | 0.63 | (0.66) | 134.26 |

The accompanying notes are an integral part of the financial statements

This is the Statement of changes in Equity referred to in our report of even date

For VARMA & VARMA
Chartered Accountants
Firm Registration No. 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

For and on behalf of the Board

HARISH LAKSHMAN
Vice Chairman
DIN : 00012602

KALIDOSS S
Company Secretary

L GANESH
Chairman & Managing Director
DIN : 00012583

V K VIJAYARAGHAVAN
Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

1. General Information

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

2. Summary of Significant accounting policies

2.1 Basis of Preparation

Compliance with Indian Accounting Standards (Ind AS):

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

Upto the year ended 31 March, 2016, the Company prepared the financial statements in accordance with the requirements of the previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the 2013 Act.

These are the Company’s first Ind AS financial statements. The date of transition to the Ind AS is 01 April, 2016. Refer Note 32.1 for details of the first-time adoption exceptions and exemptions availed by the Company.

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

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

2.2 Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make judgements, estimates

and assumptions that effect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

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

2.3 Property, Plant and Equipment

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

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

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

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

Depreciation

Depreciation on Property , Plant and Equipment (Tangible assets) is generally computed on a pro-rata basis on the

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

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

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

2.4 Investment Property

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

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

2.5 Intangible Assets

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

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

Amortization method and useful lives are reviewed annually.

2.6 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the

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

2.7 Borrowing Cost

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

2.8 Inventories

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

2.9 Foreign Currency Transaction

Initial Recognition

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

Subsequent Recognition

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

foreign currency are reported using the exchange rates that existed when the values were determined.

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

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

Derivative Financial instruments and Hedge Accounting

The Company is exposed to foreign currency risk arising out of foreign currency revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans. The Company has a detailed foreign currency risk mitigation policy in place, including the use of derivatives like the forward currency contracts/ options contracts to hedge forecasted cash flows denominate in Foreign currency. The objective of the same is to mitigate the impact of foreign currency exchange fluctuations caused by transacting in foreign currency incase of future cash flows or highly probable forecast transactions. The Company enters into various foreign currency derivative contracts with Banks in the form of Forward currency contracts ('Hedging instrument') and recognize the financial assets / liabilities ('hedged item') through formal documentation of the hedging relationship in line with the Company's Foreign currency risk management policy.

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

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

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

2.10 Revenue Recognition

Sale of goods

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

Other Income

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

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

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

2.11 Insurance Claims

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

2.12 Employee Benefits

1. Short - Term employee benefits

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

2. Defined Contribution Plans

Provident Fund

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

Superannuation Fund

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

3. Defined Benefit Plan

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") administered by LIC covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement,

death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the other comprehensive income in the year in which they arise. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

4. Other Long term employee benefits

Compensated Absence

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

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

2.13 Taxes on Income

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

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

deferred tax assets, if any and the same is recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

2.14 Financial instruments

Initial recognition

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

Subsequent measurement

i. Financial assets carried at amortized cost

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

ii. Financial assets at fair value through profit or loss

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

iii. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial instruments

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

Impairment

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

2.15 Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

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

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

2.16 Government Grants

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

2.17 Research & Development Expenditure

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

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

2.18 Provisions and Contingent Liabilities

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

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

2.19 Earnings Per Share

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

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

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

3.1 Useful lives of property, plant and equipment

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

3.2 Employee Benefits

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

3.3 Taxation

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

3.4 Provisions and contingencies

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

4. Recent accounting pronouncements

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

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

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|---------------------------------|-------------------------|-------------------------|-------------------------|
| Carrying amounts of: | | | |
| Freehold land (Refer Note 18.3) | 2.05 | 2.05 | 2.06 |
| Buildings | 32.44 | 33.82 | 35.20 |
| Plant and equipment | 95.76 | 102.33 | 120.55 |
| Furniture and Fixtures | 0.78 | 0.92 | 1.17 |
| Office Equipments | 0.14 | 0.29 | 0.48 |
| Computers and Accessories | 0.62 | 1.07 | 0.83 |
| Vehicles | 0.01 | 0.01 | 0.01 |
| | 131.80 | 140.49 | 160.30 |
| Capital Work-in-progress | 4.15 | 2.67 | 3.31 |
| Total | 135.95 | 143.16 | 163.61 |

(₹ in crores)

| Gross Block | Freehold Land | Buildings | Plant & Equipment | Furniture & Fixtures | Office Equipment | Computers and Accessories | Vehicles |
|---|---------------|--------------|-------------------|----------------------|------------------|---------------------------|-------------|
| Balance as at 01 April, 2016 (Deemed Cost) | 2.06 | 35.20 | 120.55 | 1.17 | 0.48 | 0.83 | 0.01 |
| Additions | - | 0.76 | 12.24 | 0.21 | 0.16 | 0.91 | - |
| Disposals | 0.01 | 0.53 | 5.93 | 0.03 | 0.01 | 0.01 | 0.00 |
| Balance as at 31 March, 2017 | 2.05 | 35.43 | 126.86 | 1.35 | 0.63 | 1.73 | 0.01 |
| Additions | - | 0.22 | 19.56 | 0.22 | 0.03 | 0.07 | - |
| Disposals | 0.00 | - | 0.01 | - | 0.00 | 0.01 | - |
| Balance as at 31 March, 2018 | 2.05 | 35.65 | 146.41 | 1.57 | 0.66 | 1.79 | 0.01 |

(₹ in crores)

| Accumulated depreciation | Freehold Land | Buildings | Plant & Equipment | Furniture & Fixtures | Office Equipment | Computers and Accessories | Vehicles |
|---|---------------|--------------|-------------------|----------------------|------------------|---------------------------|-------------|
| Balance as at 01 April, 2016 | - | - | - | - | - | - | - |
| Depreciation for the year | - | 1.61 | 24.53 | 0.43 | 0.34 | 0.66 | 0.00 |
| Disposals | - | - | - | - | - | - | - |
| Balance as at 31 March, 2017 | - | 1.61 | 24.53 | 0.43 | 0.34 | 0.66 | 0.00 |
| Depreciation for the year | - | 1.60 | 26.12 | 0.36 | 0.18 | 0.51 | 0.00 |
| Disposals | - | - | - | - | - | 0.00 | - |
| Balance as at 31 March, 2018 | - | 3.21 | 50.65 | 0.79 | 0.52 | 1.17 | 0.00 |
| Carrying amount as at 01 April, 2016 | 2.06 | 35.20 | 120.55 | 1.17 | 0.48 | 0.83 | 0.01 |
| Carrying amount as at 31 March, 2017 | 2.05 | 33.82 | 102.33 | 0.92 | 0.29 | 1.07 | 0.01 |
| Carrying amount as at 31 March, 2018 | 2.05 | 32.44 | 95.76 | 0.78 | 0.14 | 0.62 | 0.01 |

(₹ in crores)

| Note 2(B) : Intangible Assets | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| Particulars | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
| Carrying amounts of: | | | |
| Internally Generated Process Knowhow | 0.03 | 0.18 | 0.33 |
| Software Licences | 0.11 | 0.13 | 0.06 |
| Total | 0.14 | 0.31 | 0.39 |

(₹ in crores)

| Cost or Deemed Cost | Internally Generated Process Knowhow | Software Licences | Total |
|--|--------------------------------------|-------------------|-------------|
| Balance at beginning of the year 2016 | 0.33 | 0.06 | 0.39 |
| Additions | - | 0.10 | 0.10 |
| Disposals | - | - | - |
| Balance at end of year 2017 | 0.33 | 0.16 | 0.49 |
| Additions | - | 0.07 | 0.07 |
| Disposals | - | - | - |
| Balance at end of year 2018 | 0.33 | 0.23 | 0.56 |
| Accumulated depreciation and impairment | | | |
| Balance at beginning of year 2016 | - | - | - |
| Eliminated on disposals | - | - | - |
| Amortisation expense | 0.15 | 0.03 | 0.18 |
| Balance at end of year 2017 | 0.15 | 0.03 | 0.18 |
| Eliminated on disposals | - | - | - |
| Amortisation expense | 0.15 | 0.09 | 0.24 |
| Balance at end of year 2018 | 0.30 | 0.12 | 0.42 |
| Carrying amount as on 01 April, 2016 | 0.33 | 0.06 | 0.39 |
| Carrying amount as on 31 March, 2017 | 0.18 | 0.13 | 0.31 |
| Carrying amount as on 31 March, 2018 | 0.03 | 0.11 | 0.14 |

Note 2(C) : Assets held for sale

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|-------------------|----------------------|----------------------|----------------------|
| Plant & Equipment | - | 0.80 | 0.01 |
| Total | - | 0.80 | 0.01 |

- (i) The Company had classified certain assets as held for sale in the previous years. In view of certain practical difficulties, the intended sale did not materialise and hence, the remaining carrying value of such assets have been written off in the books during the year.

Note 2(D) : Investment Property

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|-----------------------------------|----------------------|----------------------|----------------------|
| Carrying amounts at Cost : | | | |
| Investment property - Land | 0.31 | 0.31 | 0.31 |
| Total | 0.31 | 0.31 | 0.31 |

Fair value of the Company's investment property :

(₹ in crores)

| Particulars | Level 3 (Guideline Value) | | |
|-------------|---------------------------|----------------------|----------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Fair Value | 0.54 | 0.80 | 0.80 |

Note 3 : Non-Current Investments

(₹ in crores)

| Particulars | As at 31 March, 2018 | | As at 31 March, 2017 | | As at 01 April, 2016 | |
|---|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Unquoted Investments | | | | | | |
| Investment in Equity instruments at FVTPL (Fully Paid up) | | | | | | |
| TCW Renewable Energy (India) Private Limited of ₹ 10/- each | - | - | 613,453 | 0.55 | 613,453 | 0.55 |
| Clean Wind Power (Manvi) Private Limited of ₹ 10/- each | 43,200 | 0.04 | 43,200 | 0.04 | 24,000 | 0.02 |
| Total Unquoted Investments | | 0.04 | | 0.59 | | 0.57 |

Note 4 : Financial Assets

(₹ in crores)

| Particulars | Non-Current | | | Current | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Unsecured and considered good unless otherwise stated : | | | | | | |
| Security Deposits | 4.24 | 4.38 | 4.55 | - | - | - |
| Rent Deposits | - | - | - | 0.52 | 0.50 | 0.50 |
| Interest accrued on Deposits | - | - | - | 0.23 | 0.36 | 0.30 |
| Provision for Forward Contracts / Derivatives (Net) | - | - | - | - | 0.64 | 2.80 |
| Rebate of ED on Exports Receivable | - | - | - | 0.81 | 2.03 | 0.15 |
| Duty Drawback Receivable | - | - | - | 0.64 | 0.59 | 0.79 |
| Insurance Claims Receivable | - | - | - | 0.28 | 0.56 | 0.46 |
| Deposits with Government Authorities | | | | | | |
| Customs Duty Receivable | 0.01 | 0.01 | 0.02 | - | - | - |
| Sales Tax receivable | 0.04 | 0.04 | 0.01 | - | - | - |
| Sales Tax paid under protest | 0.21 | 0.21 | 0.25 | - | - | - |
| Loans and advances to employees | - | - | - | 0.12 | 0.15 | 0.22 |
| Total | 4.50 | 4.64 | 4.83 | 2.60 | 4.83 | 5.22 |

Note 5 : Other Assets

(₹ in crores)

| Particulars | Non-Current | | | Current | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Unsecured and considered good unless otherwise stated : | | | | | | |
| Capital Advances | 1.19 | 2.13 | 0.12 | - | - | - |
| Prepaid Expenses | - | 0.01 | - | 1.50 | 1.45 | 1.33 |
| MEIS Scrips received | - | - | - | 0.50 | 0.13 | 0.09 |
| MEIS Receivable | - | - | - | 4.65 | 3.85 | 2.48 |
| Advances to Employees | - | - | - | 0.12 | 0.17 | 0.05 |

Note 5 : Other Assets

(₹ in crores)

| Particulars | Non-Current | | | Current | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Balance with government authorities | | | | | | |
| Customs and Excise | - | - | - | 0.48 | 5.24 | 5.57 |
| Value added tax | - | - | - | 0.10 | 0.16 | - |
| Goods and Service Tax | - | - | - | 0.25 | - | - |
| Other Advances | | | | | | |
| Considered Good | - | - | - | 0.87 | 0.39 | 0.25 |
| Considered Doubtful | - | - | - | - | - | 0.14 |
| Less: Provision for doubtful advances | - | - | - | - | - | (0.14) |
| Total | 1.19 | 2.14 | 0.12 | 8.47 | 11.39 | 9.77 |

Note 6 : Inventories

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|--|-------------------------|-------------------------|-------------------------|
| Valued at Lower of Cost or Realisable value | | | |
| Raw Materials | 16.02 | 10.01 | 9.62 |
| Raw Material-Goods in Transit | 0.76 | 2.31 | 2.69 |
| Work in Progress | 11.25 | 7.99 | 9.87 |
| Finished Goods | 5.08 | 6.31 | 7.58 |
| Finished Goods-Goods in Transit | 11.74 | 10.45 | 6.43 |
| Stock in Trade | 0.88 | 1.47 | 1.78 |
| Stores and Spares | 12.63 | 9.75 | 9.24 |
| Total | 58.36 | 48.29 | 47.21 |

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

6.2 The cost of inventories recognized as an expense includes ₹ 1.38 crores (during 2016-17 : ₹ 0.99 crores) in respect of write-downs of inventory to net realizable value.

6.3 The mode of valuation of inventories has been stated in 2.8 of Note 1.

Note 7 : Trade Receivables

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Unsecured | | | |
| Considered good (Refer Note 7.2) | 79.29 | 66.59 | 63.80 |
| Considered doubtful | 1.28 | 1.33 | 1.35 |
| | 80.57 | 67.92 | 65.15 |
| Allowance for doubtful debts (expected credit loss allowance) | (1.28) | (1.33) | (1.35) |
| Total | 79.29 | 66.59 | 63.80 |

7.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

The Company as a policy provides for 100% for outstanding above 120 days past due.

(₹ in crores)

| Movement in expected credit loss allowance | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| Balance at beginning of the year | 1.33 | 1.35 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | (0.05) | 0.18 |
| Amount written off during the year | - | (0.20) |
| Balance at end of the year | 1.28 | 1.33 |

7.2 Trade Receivables - considered good includes due from related parties of ₹ 0.91 crores (₹ 1.22 crores)

Note 8 : Cash and Cash Equivalents

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | | | |
| Balance with banks | | | |
| In Current Accounts | 0.53 | 0.84 | 0.28 |
| In Deposit Accounts | 10.00 | 0.00 | - |
| Cash on hand | 0.02 | 0.05 | 0.08 |
| Total | 10.55 | 0.89 | 0.36 |
| Bank balances other than above | | | |
| Earmarked balances with banks | | | |
| Unpaid Dividend accounts | 0.21 | 0.23 | 0.27 |
| Unpaid Interest warrant accounts | - | - | 0.01 |
| Unpaid REVL Fractional Shares account | 0.01 | 0.01 | 0.01 |
| Deposit under Capital Gain Deposit Scheme | - | 9.00 | - |
| Security for Public Deposits | - | 0.22 | 1.00 |
| Total | 0.22 | 9.46 | 1.29 |

Note 9 : Tax Assets / Liabilities (Net)

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Tax Assets | | | |
| Advance Income Tax | 70.57 | 53.25 | 54.39 |
| Less : Provision for Income Tax | (61.41) | (45.04) | (45.39) |
| Total | 9.16 | 8.21 | 9.00 |
| Current Tax Liabilities | | | |
| Provision for Tax (Net of Advance Tax & TDS) | - | 0.85 | - |
| Total | 9.16 | 7.36 | 9.00 |

Note 10 : Deferred Tax

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

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Deferred tax assets | 14.20 | 13.05 | 20.68 |
| Deferred tax liabilities | (4.61) | (7.50) | (11.65) |
| Total | 9.59 | 5.55 | 9.03 |

(₹ in crores)

| 2017-18 | Opening balance | Recognized in profit or loss | Recognized in Other comprehensive income | Closing balance |
|---|--------------------|---------------------------------|--|-----------------|
| Deferred tax (liabilities) / asset in relation to: | | | | |
| Property plant and equipment and Intangible Assets | (7.50) | 2.89 | - | (4.61) |
| Expenses allowable under tax on actual payment basis | 3.29 | 1.39 | - | 4.68 |
| Voluntary Retirement Compensation Scheme | 4.95 | (3.54) | - | 1.41 |
| Amalgamation Expenses | 0.10 | (0.05) | - | 0.05 |
| Provision for doubtful debts | 0.48 | (0.02) | - | 0.46 |
| Defined benefit obligation - Gratuity | - | - | (0.00) | (0.00) |
| Unused Tax losses (including unabsorbed depreciation) | - | 3.65 | - | 3.65 |
| Unused Tax Credit (MAT Credit Entitlement) | 4.23 | (0.28) | - | 3.95 |
| Net Deferred Tax Asset / (Liability) | 5.55 | 4.04 | (0.00) | 9.59 |

(₹ in crores)

| 2016-17 | Opening balance | Recognized in profit or loss | Recognized in Other comprehensive income | Closing balance |
|---|--------------------|---------------------------------|--|-----------------|
| Deferred tax (liabilities) / asset in relation to: | | | | |
| Property plant and equipment and Intangible Assets | (11.65) | 4.15 | - | (7.50) |
| Expenses allowable under tax on actual payment basis | 2.70 | 0.24 | - | 2.94 |
| Voluntary Retirement Compensation Scheme | 8.50 | (3.55) | - | 4.95 |
| Amalgamation Expenses | 0.15 | (0.05) | - | 0.10 |
| Provision for doubtful debts | 0.47 | 0.01 | - | 0.48 |
| Defined benefit obligation - Gratuity | - | - | 0.35 | 0.35 |
| Unused Tax losses (including unabsorbed depreciation) | 6.72 | (6.72) | - | - |
| Unused Tax Credit (MAT Credit Entitlement) | 2.14 | 2.09 | - | 4.23 |
| Net Deferred Tax Asset / (Liability) | 9.03 | (3.83) | 0.35 | 5.55 |

Note 11 : Authorized Share Capital

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|--|-------------------------|-------------------------|-------------------------|
| Authorized Share Capital | | | |
| 1,23,50,000 Equity Shares (1,23,50,000 Equity Shares) of ₹ 10 each | 12.35 | 12.35 | 12.35 |
| 1,50,000 13.5% Preference Shares (1,50,000 Preference Shares) of ₹ 10 each | 0.15 | 0.15 | 0.15 |
| Total | 12.50 | 12.50 | 12.50 |
| Issued, Subscribed and Fully Paid Up | | | |
| 67,18,992 Equity Shares (67,18,992 Equity Shares) of ₹ 10 each | 6.72 | 6.72 | 6.72 |
| Total | 6.72 | 6.72 | 6.72 |

11.1 Reconciliation of number of shares

| Particulars | 2017-18 | | 2016-17 | |
|---|---------------|--------|---------------|--------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Equity Shares of ₹ 10 each fully paid up | | | | |
| At the beginning of the period | 6,718,992 | 6.72 | 6,718,992 | 6.72 |
| Additions/(Deletions) during the year | - | - | - | - |
| At the end of the period | 6,718,992 | 6.72 | 6,718,992 | 6.72 |

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

| Name of Shareholder | As at 31 March, 2018 | | As at 31 March, 2017 | | As at 01 April, 2016 | |
|--|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Rane Holdings Limited, the Holding Company | 3,431,054 | 51.07 | 3,431,054 | 51.07 | 3,431,054 | 51.07 |
| Enam Securities Private Limited | 478,890 | 7.13 | 478,890 | 7.13 | 478,890 | 7.13 |

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

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

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

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

Note 12 : Other Equity

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|-------------------|-------------------------|-------------------------|-------------------------|
| Capital Reserve | 1.34 | 1.34 | 1.34 |
| General Reserve | 132.95 | 105.41 | 105.41 |
| Retained Earnings | (0.03) | 46.58 | (10.44) |
| Total | 134.26 | 153.33 | 96.31 |

12.1 Capital Reserve

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-----------------------------------|-------------------------|-------------------------|
| Opening Balance | 1.34 | 1.34 |
| Add : Additions during the year | - | - |
| Less : Deductions during the year | - | - |
| Closing Balance | 1.34 | 1.34 |

12.2 General Reserve

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-----------------------------------|-------------------------|-------------------------|
| Opening Balance | 105.41 | 105.41 |
| Add : Additions during the year | 27.54 | - |
| Less : Deductions during the year | - | - |
| Closing Balance | 132.95 | 105.41 |

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

12.3 Retained Earnings

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the year | 46.58 | (10.44) |
| Add: | | |
| Net Profit / (Loss) after tax transferred from Statement of Profit and Loss | (17.06) | 57.69 |
| Less: | | |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | (0.01) | 0.67 |
| Final Dividend - Paid ₹ 2.5 per share (Previous year ₹ Nil per share) | 1.68 | - |
| Tax on dividend | 0.34 | - |
| Transfer to General Reserve | 27.54 | - |
| Closing Balance | (0.03) | 46.58 |

12.4 On 18 May, 2017, a dividend of ₹ 2.5 per share (total dividend, including dividend distribution tax ₹ 2.02 Cr) was paid to the holders of fully paid equity shares as final dividend for the year 2016-17.

Note 13 : Borrowings

(₹ in crores)

| Particulars | Non-Current | | | Current | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Secured | | | | | | |
| Term Loans from Banks (Refer Note 13.1 & 13.2) | 33.08 | 28.29 | 60.14 | 13.25 | 15.28 | 26.30 |
| Loans repayable on demand from banks (Refer Note 13.3) | - | - | - | 61.45 | 38.64 | 58.48 |
| Unsecured | | | | | | |
| Fixed Deposits from Public | - | - | - | - | - | 1.02 |
| Fixed Deposits from related parties | - | - | - | - | - | 0.45 |
| Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note 13.4) | 0.17 | 0.52 | 1.57 | 0.35 | 1.05 | 0.93 |
| | 33.25 | 28.81 | 61.71 | 75.05 | 54.97 | 87.18 |
| Amount included under the head "Other Financial Liabilities" (Refer Note 14) | - | - | - | (13.60) | (16.33) | (28.70) |
| Total | 33.25 | 28.81 | 61.71 | 61.45 | 38.64 | 58.48 |

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

13.2 Details of the long term borrowings

| Particulars | Repayment Start Date | O/s. Amt. as on 31 March, 2018 (₹ in crores) | Current Maturities (₹ in crores) | Interest Rate | Instalment Amt. (₹ in crores) | No. of Quarterly Instalments as per agreement |
|-------------------------|-------------------------|--|--|---------------|----------------------------------|---|
| Rupee Term Loans | | | | | | |
| Kotak Mahindra Bank Ltd | Jan-2016 | 10.93 | 6.25 | 8.90% | 1.56 | 16 |
| HDFC Bank Ltd | | | | | | |
| Loan 1 | Oct-2016 | 6.24 | 2.50 | 9.40% | 0.63 | 16 |
| Loan 2 | Nov-2016 | 11.24 | 4.50 | 9.40% | 1.13 | 16 |
| Loan 3 | Aug-2019 | 17.92 | - | 8.75% | 1.50 | 12 |
| Total | | 46.33 | 13.25 | | | |

13.3

- i) Short term borrowings amounting to ₹ 12.30 crores (₹ 7.11 crores) from State Bank of India are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the Company's Tumkur Unit and also secured by first charge on land and buildings and plant and machineries of the Company's Peenya Unit and Tumkur Unit.
- ii) Other Short term borrowings amounting to ₹ 49.15 crores (₹ 31.53 crores) from banks are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the Company on Pari-passu basis (other than Property situated at Peenya Unit and Tumkur Unit).
- iii) None of the above loans have been guaranteed by any Directors or others.

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

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

Note 14 : Other Financial Liabilities

(₹ in crores)

| Particulars | Non-Current | | | Current | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Current Maturities of Long Term Borrowings (Refer Note 14.1) | - | - | - | 13.60 | 16.33 | 28.70 |
| Interest accrued but not due on borrowings | - | - | - | 0.37 | 0.30 | 0.54 |
| Interest accrued and due - Others | - | - | - | 0.00 | 0.00 | 0.01 |
| Fixed Deposit interest paid but not encashed | - | - | - | - | - | 0.01 |
| Unclaimed Dividends (Refer Note 36) | - | - | - | 0.21 | 0.23 | 0.27 |
| Unclaimed Matured Fixed Deposits | - | - | - | - | - | 0.01 |
| Unclaimed REVL Fractional Shares | - | - | - | 0.01 | 0.01 | 0.01 |
| Security / Trade Deposits | - | - | - | - | - | 0.00 |
| Employee Related dues | - | - | - | 5.55 | 5.88 | 8.38 |
| Payable on Purchase of Fixed Assets | - | - | - | 1.24 | 0.99 | 0.61 |
| Provision for Forward Contracts / Derivatives (Net) | - | - | - | 0.04 | - | - |
| Others | - | 0.45 | 0.41 | 0.54 | 1.11 | 1.33 |
| Total | - | 0.45 | 0.41 | 21.56 | 24.85 | 39.87 |

14.1 Current maturities of long term borrowings

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Current Maturities of Long Term Debt | 13.25 | 15.28 | 26.30 |
| Current Maturities of Fixed Deposits | - | - | 1.47 |
| Current Maturities of IFST Loan | 0.35 | 1.05 | 0.93 |
| Total | 13.60 | 16.33 | 28.70 |

Note 15 : Provisions

(₹ in crores)

| Particulars | Non-Current | | | Current | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Provision for employee benefits (Refer Note 29) | | | | | | |
| Gratuity (Funded) | 4.76 | 1.64 | 1.51 | 0.56 | 1.96 | 2.04 |
| Leave Encashment (Unfunded) | 6.29 | 5.69 | 5.15 | 0.35 | 0.27 | 0.27 |
| Total | 11.05 | 7.33 | 6.66 | 0.91 | 2.23 | 2.31 |

Note 16 : Trade Payables

(₹ in crores)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Micro and small enterprises (Refer Note 39) | 0.70 | 0.28 | 1.00 |
| Related Parties | 1.16 | 1.31 | 1.00 |
| Others | 47.90 | 39.42 | 38.19 |
| Total | 49.76 | 41.01 | 40.19 |

Note 17 : Other Liabilities

(₹ in crores)

| Particulars | Non-Current | | | Current | | |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| Advance from Customers | - | - | - | 0.27 | 0.01 | 0.09 |
| Statutory Dues | - | - | - | 1.14 | 2.93 | 2.77 |
| Total | - | - | - | 1.41 | 2.94 | 2.86 |

Note 18 : Contingent Liabilities and Commitments

(₹ in crores)

| 18.1 Contingent Liabilities | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Claims against the company not acknowledged as debt | | | |
| Labour Disputes | 0.39 | 0.16 | 0.16 |
| Income Taxes | 7.13 | 6.40 | 4.27 |
| Indirect Taxes | 0.38 | 1.03 | 0.88 |
| Guarantees & Letter of Credits issued by the Banks | 6.27 | 4.81 | 3.50 |
| Total | 14.17 | 12.40 | 8.81 |

a) It is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. Future cash outflows in respect of the above are determinable only on receipt of the judgements / decisions pending with various forums/authorities.

b) The Company does not expect any reimbursements from third parties in respect of the above contingent liabilities.

(₹ in crores)

| 18.2 Capital Commitments | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|--|-------------------------|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 6.80 | 4.89 | 2.61 |

18.3 Other commitments

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

Note 19 : Revenue from Operations

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| Sale of products (Refer Note No. 19.1) | 380.71 | 387.81 |
| Less : Discounts | 4.05 | 4.88 |
| | 376.66 | 382.93 |
| Other operating revenues (Refer Note No.19.2) | 6.75 | 6.36 |
| Sale of services | - | - |
| Total | 383.41 | 389.29 |

19.1 Sale of Products Comprises :

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---------------------------|------------------------------|------------------------------|
| Manufactured Goods | | |
| Valves | 344.44 | 346.87 |
| Guides | 17.89 | 18.29 |
| Tappets | 3.16 | 5.28 |
| | 365.49 | 370.44 |
| Traded Goods | | |
| Valves | 12.60 | 13.20 |
| Guides | 1.80 | 2.05 |
| Piston Assembly | 0.82 | 1.95 |
| Valve Stem Seal | 0.00 | 0.17 |
| | 15.22 | 17.37 |
| Total | 380.71 | 387.81 |

19.2 Other Operating Revenue Comprises:

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---------------------------|------------------------------|------------------------------|
| Sale of Materials | 0.21 | 0.38 |
| Sale of Scrap | 2.62 | 2.55 |
| Export Incentive Receipts | 3.92 | 3.43 |
| Total | 6.75 | 6.36 |

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

Note 20 : Other Income

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| Interest Income - On Financial Assets (at amortized cost) | 0.68 | 0.96 |
| Profit on Sale of Short Term Investments (FVTPL) | 0.00 | 0.53 |
| Exchange gain (net) other than considered under Finance Costs | 0.16 | - |
| Profit on Sale of Assets | 0.02 | 0.03 |
| Provision no longer required and balances written back | 0.44 | 0.68 |
| Other non-operating income | 0.47 | 0.14 |
| Total | 1.77 | 2.34 |

Note 21 : Cost of Raw Materials Consumed

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|------------------------------|------------------------------|
| Opening Stock | 12.32 | 12.31 |
| Add : Purchases | 132.32 | 119.30 |
| Less : Closing Stock | 16.78 | 12.32 |
| Cost of Materials Consumed (Refer Note 21.1 and 27.2) | 127.86 | 119.29 |

21.1 Materials consumed comprises:

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|-----------------------|------------------------------|------------------------------|
| Alloy steel | 113.64 | 106.93 |
| Hard facing materials | 5.56 | 7.31 |
| Guide castings | 8.66 | 2.33 |
| Others | - | 2.72 |
| Total | 127.86 | 119.29 |

Note 22 : Purchase of Stock-in-Trade

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|-----------------|------------------------------|------------------------------|
| Valves | 7.68 | 7.40 |
| Piston Assembly | - | 1.04 |
| Valve Stem Seal | - | 0.12 |
| Total | 7.68 | 8.56 |

Note 23 : Changes in inventories

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| Inventories at the beginning of the year: | | |
| Finished goods | 16.76 | 14.01 |
| Work-in-progress | 7.99 | 9.87 |
| Stock-in-Trade | 1.47 | 1.78 |
| Total | 26.22 | 25.66 |
| Less: Inventories at the end of the year: | | |
| Finished goods | 16.82 | 16.76 |
| Work-in-progress | 11.25 | 7.99 |
| Stock-in-Trade | 0.88 | 1.47 |
| Total | 28.95 | 26.22 |
| Net (increase) / decrease | (2.73) | (0.56) |

Note 24 : Employee Benefits Expense

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---------------------------|------------------------------|------------------------------|
| Salaries and Wages | 81.95 | 74.99 |
| Contributions to - | | |
| Provident and other Funds | 4.43 | 4.37 |
| Superannuation scheme | 0.29 | 0.34 |
| Gratuity (Refer Note 29) | 2.50 | 1.04 |
| Staff welfare expenses | 12.51 | 12.97 |
| Total | 101.68 | 93.71 |

Note 25 : Finance Costs

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|------------------------------|------------------------------|
| Borrowing Cost on Loans carried at amortized cost | | |
| Interest expense | 6.87 | 9.15 |
| Other borrowing costs | 0.13 | 0.22 |
| Net (gain) / loss on foreign currency transactions and translation | 0.48 | 0.51 |
| | 7.48 | 9.88 |
| Finance costs on liabilities carried at amortized cost | 0.10 | 0.04 |
| Total | 7.58 | 9.92 |

Note 26 : Other Expenses

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| Stores and Tools consumed (Refer Note 27.3) | 27.46 | 24.97 |
| Power and Fuel (Refer Note 26.1) | 26.24 | 23.43 |
| Trade Mark Fees | 1.88 | 1.88 |
| Repairs and Maintenance | | |
| Plant and Equipment | 12.59 | 8.99 |
| Buildings | 0.54 | 0.39 |
| Others | 1.46 | 0.98 |
| Job work Expenses | 18.59 | 15.28 |
| Rent | 1.00 | 0.97 |
| Insurance | 1.46 | 1.25 |
| Rates and Taxes | 2.10 | 0.74 |
| Travelling and Conveyance | 4.38 | 4.32 |
| Professional and legal expenses | 5.30 | 5.10 |
| Data Processing and Maintenance expenses | 2.31 | 2.52 |
| Service Contract Expenses | 3.44 | 3.45 |

Note 26 : Other Expenses

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|------------------------------|------------------------------|
| Selling and Distribution Expenses | | |
| Packing and Forwarding | 13.78 | 12.06 |
| Advertisement and Sales Promotion | 0.84 | 0.61 |
| Commission | 0.28 | 0.38 |
| Provision for Doubtful debts | (0.05) | 0.18 |
| Directors' Sitting Fees | 0.08 | 0.11 |
| Audit Fees (Refer Note No.27.1) | 0.20 | 0.20 |
| Loss on Sale of Assets | 0.00 | 0.91 |
| Assets Written Off | 0.74 | 0.63 |
| Stocks Written Off | 0.00 | 0.00 |
| Advances / Claims Written Off | 0.00 | 0.22 |
| Exchange Loss (Net) - Other than Considered under Finance Costs | - | 0.09 |
| Bank Charges | 0.69 | 0.53 |
| Excise Duty adjustment on Inc / (Dec) of Finished Goods | 0.21 | 0.10 |
| Administrative Expenses | 1.54 | 1.54 |
| Total | 127.06 | 111.83 |

26.1 Includes ₹ 1.26 crores (previous year ₹ 1.07 crores), paid towards certain operating lease arrangement with third party vendors.

Note 27 :
27.1 Auditor's Remuneration*

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|----------------------------------|------------------------------|------------------------------|
| a. as auditors - statutory audit | 0.11 | 0.13 |
| b. for taxation matters | 0.03 | 0.03 |
| c. for other services | 0.06 | 0.04 |
| Total | 0.20 | 0.20 |

*includes ₹ 0.01 crores paid to the previous auditors who have retired on 21 August, 2017

27.2 Raw Materials Consumed

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|------------------------------|------------------------------|------------------------------|
| Imported | 40.31 | 35.99 |
| Imported % to total | 31.53% | 30.17% |
| Indigenous | 87.55 | 83.30 |
| Indigenous % to total | 68.47% | 69.83% |
| Total | 127.86 | 119.29 |
| Total % | 100.00% | 100.00% |

27.3 Stores and Tools Consumed

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|------------------------------|------------------------------|------------------------------|
| Imported | 0.22 | 0.09 |
| Imported % to total | 0.78% | 0.35% |
| Indigenous | 27.24 | 24.88 |
| Indigenous % to total | 99.22% | 99.65% |
| Total | 27.46 | 24.97 |
| Total % | 100.00% | 100.00% |

27.4 CIF Value of Imports

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|----------------------------|------------------------------|------------------------------|
| Raw materials | 38.75 | 29.45 |
| Components and spare parts | 0.41 | 0.81 |
| Capital goods | 2.24 | 1.38 |

27.5 Expenditure in foreign currency

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|------------------------------------|------------------------------|------------------------------|
| Professional and consultation fees | 1.23 | 1.18 |
| Finance Cost | 0.32 | 0.72 |
| Marketing Service Fees | 0.62 | 0.47 |
| Job Charges/Segregation charges | 1.54 | 0.96 |
| Commission | 0.16 | 0.03 |
| Foreign Travel | 0.42 | 0.65 |
| Others | - | - |

27.6 Earnings in Foreign Currency

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| Export of goods calculated on F.O.B. basis (including deemed exports) | 100.88 | 93.67 |

Note 28 : Related Party Disclosures

List of related parties where control exists

Holding company : Rane Holdings Limited (RHL)

Other related parties where transactions have taken place during the year

Fellow Subsidiaries : Rane Madras Limited (RML)
Rane Holding America Inc (RHA)
Rane Holding Europe GmbH (RHEG)

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

Relatives of Key Management Personnel : 1. Mr. L Lakshman 2. Mr. L Ganesh (HUF)
3. Mrs. Meenakshi Ganesh 4. Ms. Aparna Ganesh
5. Mrs. Pushpa Lakshman 6. Mrs. Hema C Kumar
7. Mrs. Vanaja Aghoram 8. Mrs. Shanthi Narayan

Joint ventures of Holding Company : JMA Rane Marketing Limited

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

(₹ in crores)

| Description | Holding Company | | Fellow Subsidiaries | | Key Management Personnel | | Relatives of Key Management Personnel | | Post employment benefit plan | | Total | |
|---|-----------------|-------|---------------------|--------|--------------------------|--------|---------------------------------------|--------|------------------------------|-------|--------|--------|
| | 17-18 | 16-17 | 17-18 | 16-17 | 17-18 | 16-17 | 17-18 | 16-17 | 17-18 | 16-17 | 17-18 | 16-17 |
| Material transactions during the year | | | | | | | | | | | | |
| Interest Paid on Fixed Deposits | - | - | - | - | - | 0.00 | - | 0.02 | - | - | - | 0.02 |
| Sitting fee | - | - | - | - | - | - | 0.02 | 0.03 | - | - | 0.02 | 0.03 |
| Remuneration Paid | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Mark Fees Paid | 1.88 | 1.88 | - | - | - | - | - | - | - | - | 1.88 | 1.88 |
| Reimbursement of Expenses Cr/(Dr) | | | | | | | | | | | | |
| - RHL | (0.02) | 0.00 | - | - | - | - | - | - | - | - | (0.02) | 0.00 |
| - RML | - | - | - | (0.06) | - | - | - | - | - | - | - | (0.06) |
| Sale of Valve | | | | | | | | | | | | |
| - RML | - | - | 7.06 | 10.38 | - | - | - | - | - | - | 7.06 | 10.38 |
| - JMA Rane Marketing | - | - | 1.46 | 1.84 | - | - | - | - | - | - | 1.46 | 1.84 |
| Services Received | | | | | | | | | | | | |
| - RHL | 4.04 | 4.32 | - | - | - | - | - | - | - | - | 4.04 | 4.32 |
| - RHA | - | - | 0.46 | 0.48 | - | - | - | - | - | - | 0.46 | 0.48 |
| - RHEG | - | - | 0.15 | - | - | - | - | - | - | - | 0.15 | - |
| Fixed Deposits Accepted / (Repaid) | | | | | | (0.05) | | (0.45) | | | | (0.50) |
| Contributions to Post employment benefit plan | | | | | | | | | 1.07 | 2.35 | 1.07 | 2.35 |

(₹ in crores)

| Description | Holding Company | | | Fellow Subsidiaries | | | Key Management Personnel & Relatives of Key Management Personnel | | | Total | | |
|----------------------------------|-----------------|----------|----------|---------------------|----------|----------|--|----------|----------|----------|----------|----------|
| | 31.03.18 | 31.03.17 | 01.04.16 | 31.03.18 | 31.03.17 | 01.04.16 | 31.03.18 | 31.03.17 | 01.04.16 | 31.03.18 | 31.03.17 | 01.04.16 |
| Outstanding as at | | | | | | | | | | | | |
| Amount Payable/(Advance) | | | | | | | | | | | | |
| - Trade | | | | | | | | | | | | |
| - RHL | 1.16 | 1.32 | 0.94 | - | - | - | - | - | - | 1.16 | 1.32 | 0.94 |
| - RHA | - | - | - | 0.00 | 0.07 | 0.02 | - | - | - | 0.00 | 0.07 | 0.02 |
| - RHEG | - | - | - | (0.02) | - | - | - | - | - | (0.02) | - | - |
| Fixed Deposits Outstanding* | - | - | - | - | - | - | - | - | 0.45 | - | - | 0.45 |
| Amount Receivable - Trade | | | | | | | | | | | | |
| - RHL | - | - | - | - | - | - | - | - | - | - | - | - |
| - RML | - | - | - | 0.49 | 0.71 | 1.16 | - | - | - | 0.49 | 0.71 | 1.16 |
| - JMA Rane Marketing | - | - | - | 0.42 | 0.51 | 0.45 | - | - | - | 0.42 | 0.51 | 0.45 |

* includes ₹ 0.05 crores outstanding to Key Management Personnel as at 01 April, 2016.

Note 29 : Employee Benefit Plans**A. Defined contribution plans**

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

(a) Provident fund and pension

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

(b) Superannuation fund

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

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

The total expense recognised in profit or loss of ₹ 4.43 crores (for the year ended 31 March, 2017: ₹ 4.39 crores) represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

B. Defined benefit plans

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

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

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

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

C. Details of defined benefit obligation and plan assets

Gratuity

(i) Movements in the present value of the defined benefit obligation are as follows.

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|------------------------------|------------------------------|
| Opening defined benefit obligation | 15.49 | 14.63 |
| Current service cost | 2.26 | 0.84 |
| Interest Cost | 1.13 | 1.06 |
| Re-measurement (gains) / losses: | | - |
| - Actuarial gains and losses arising from changes in demographic assumptions | (0.05) | 1.10 |
| - Actuarial gains and losses arising from changes in financial assumptions | - | - |
| Benefits paid | (0.81) | (2.14) |
| Closing defined benefit obligation | 18.02 | 15.49 |

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

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|------------------------------|------------------------------|
| Opening fair value of plan assets | 11.89 | 11.08 |
| Interest income | 0.89 | 0.86 |
| Remeasurement gain / (loss) : | | |
| Return on plan assets (excluding amounts included in net interest expense) | (0.04) | 0.08 |
| Contributions from the employer | 0.77 | 2.01 |
| Benefits Paid | (0.81) | (2.14) |
| Closing fair value of plan assets | 12.70 | 11.89 |

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

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 | Year ended 01 April, 2016 |
|--|------------------------------|------------------------------|------------------------------|
| Present value of funded defined benefit obligation | 18.02 | 15.49 | 14.63 |
| Fair value of plan assets | (12.70) | (11.89) | (11.08) |
| Funded status | 5.32 | 3.60 | 3.55 |
| Restrictions on asset recognised | - | - | - |
| Others (describe) | - | - | - |
| Net liability arising from defined benefit obligation | 5.32 | 3.60 | 3.55 |

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

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|---|------------------------------|------------------------------|
| Service Cost : | | |
| Current service cost | 2.26 | 0.84 |
| Past service cost and (gain) / loss from settlements | - | - |
| Net Interest Expense | 0.24 | 0.20 |
| Components of defined benefit costs recognised in profit or loss | 2.50 | 1.04 |
| Remeasurement on the net defined benefit liability : | | |
| Actuarial (gains) / losses arising from changes in demographic assumptions | 0.05 | (1.10) |
| Actuarial (gains) / losses arising from changes in financial assumptions | (0.04) | 0.08 |
| Components of defined benefit costs recognised in other comprehensive income | 0.01 | (1.02) |

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

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

(v) Risk Exposure

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

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

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

(₹ in crores)

| Assumptions | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
|-----------------------------------|----------------|----------------|----------------|
| Discount rate | 7.50% | 7.30% | 8.00% |
| Expected rate of salary increases | 4.5% - 7% | 4.5% - 7% | 4.5% - 7% |
| Expected rate of attrition | 5.00% | 2.00% | 2.00% |
| Average age of members | 41.60 | 41.02 | 40.29 |
| Average remaining working life | 16.40 | 17.31 | 17.52 |

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

Sensitivity Analysis

(₹ in crores)

| Change in assumption | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
|-----------------------------------|----------------|----------------|----------------|
| A. Discount Rate + 50 BP | 8.00% | 7.80% | 8.50% |
| Defined Benefit Obligation [PVO] | (0.19) | (0.58) | (0.14) |
| Current Service Cost | (0.12) | 0.04 | (0.09) |
| B. Discount Rate - 50 BP | 7.00% | 6.80% | 7.50% |
| Defined Benefit Obligation [PVO] | 0.18 | 0.62 | 0.13 |
| Current Service Cost | 0.12 | 0.23 | 0.09 |
| C. Salary Escalation Rate + 50 BP | 5% - 7.5% | 5% - 7.5% | 5% - 7.5% |
| Defined Benefit Obligation [PVO] | 0.22 | 0.64 | 0.14 |
| Current Service Cost | 0.12 | 0.24 | 0.09 |
| D. Salary Escalation Rate - 50 BP | 4% - 6.5% | 4% - 6.5% | 4% - 6.5% |
| Defined Benefit Obligation [PVO] | (0.21) | (0.60) | (0.13) |
| Current Service Cost | (0.11) | 0.04 | (0.09) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 11.9 years (2017 - 10.2 years, 2016 - 13.9 years). The expected maturity analysis of undiscounted gratuity is as follows:

(₹ in crores)

| Particulars | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
|--------------|----------------|----------------|----------------|
| Year 1 | 0.80 | 0.60 | 0.72 |
| Year 2 | 0.90 | 1.05 | 0.81 |
| Year 3 | 1.03 | 1.13 | 0.94 |
| Year 4 | 1.16 | 0.99 | 1.07 |
| Year 5 | 1.32 | 1.40 | 1.20 |
| Next 5 Years | 6.03 | 7.59 | 1.76 |

D. Other Long Term Employee Benefits - Leave Obligations

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

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

| Assumptions | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
|-----------------------------------|----------------|----------------|----------------|
| Discount rate | 7.50% | 7.30% | 8.00% |
| Expected rate of salary increases | 4.5% - 7% | 4.5% - 7% | 4.5% - 7% |
| Expected rate of attrition | 5.00% | 2.00% | 2.00% |
| Average age of members | 41.60 | 41.02 | 40.29 |
| Average remaining working life | 16.40 | 17.31 | 17.52 |

Note 30 : Segment Reporting

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

30.1 Product wise break up - Refer Note 19.1**30.2 Geographical Information**

(₹ in crores)

| Particulars | Revenue from operations from external customers | | Non - current assets** | | |
|--|---|----------------------|------------------------|----------------------|----------------------|
| | As at 31 March, 2018 | As at 31 March, 2017 | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
| India | 281.49 | 294.10 | 137.59 | 145.92 | 164.43 |
| Rest of World (including deemed exports) | 101.92 | 95.19 | - | - | - |
| Total | 383.41 | 389.29 | 137.59 | 145.92 | 164.43 |

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

30.3 Information about major customers

Revenue from sale of auto components to largest customers (greater than 10% of total sales) is ₹ 84.58 crores (previous year ₹ 40.50 crores)

Note 31 : Income Taxes

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|---------------------------|---------------------------|
| A. The major components of income tax expense for the year are as under : | | |
| i) Income tax recognised in the Statement of profit and loss | | |
| Current tax: | | |
| In respect of current year | - | 16.05 |
| Adjustments in respect of prior years | (0.03) | - |
| Deferred tax: | | |
| In respect of current year | (4.32) | 5.92 |
| Minimum Alternate Tax (MAT) | 0.28 | (2.09) |
| Income tax expense recognised in the Statement of Profit and Loss | (4.07) | 19.88 |
| ii) Income tax expense recognised in OCI | | |
| Deferred tax: | | |
| Deferred tax expense on remeasurement of defined benefit plans | 0.00 | (0.35) |
| Income tax expense recognised in OCI | 0.00 | (0.35) |
| Total income tax expense /(gain) recognised in the Statement of Profit and Loss | (4.07) | 19.53 |

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

(₹ in crores)

| Particulars | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|------------------------------|------------------------------|
| Profit / (Loss) before tax | (21.13) | 77.57 |
| Income Tax expense calculated at 34.608% | (7.31) | 26.85 |
| Effect of income chargeable at special rates (capital gains) [Net] | 3.11 | (6.46) |
| Effect of expenses that are not deductible in determining taxable profit | 0.38 | 0.01 |
| Effect of previously unrecognized deductible temporary differences now recognized | (0.53) | (0.51) |
| Others | 0.03 | 0.01 |
| Adjustments recognized in the current year in relation to the current tax of prior years | 0.25 | - |
| Income Tax expense / (gain) recognized in profit or loss | (4.07) | 19.88 |

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax law.

Note 32 : First-time Ind AS adoption reconciliations

32.1 First-time adoption - Mandatory exceptions and optional exemptions

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

32.1.1 Deemed cost for property, plant and equipment, investment property and intangible assets

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

32.1.2 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

32.1.3 Government Grants

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

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

(₹ in crores)

| Particulars | Notes | As at 31 March, 2017 (End of last period presented under previous GAAP) | | | As at 01 April, 2016 (Date of Transition) | | |
|---|-------|---|--------------------------------------|-----------------------------------|--|--------------------------------------|-----------------------------------|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| Non-Current Assets | | | | | | | |
| Property, plant and equipment | | 140.49 | - | 140.49 | 160.30 | - | 160.30 |
| Capital work-in-progress | | 2.67 | - | 2.67 | 3.31 | - | 3.31 |
| Investment property | | 0.31 | - | 0.31 | 0.31 | | 0.31 |
| Other intangible assets | | 0.31 | - | 0.31 | 0.39 | - | 0.39 |
| Financial assets | | - | - | - | - | | - |
| (i) Investments | | 0.59 | - | 0.59 | 0.57 | - | 0.57 |
| (ii) Other financial assets | | 4.64 | - | 4.64 | 4.83 | - | 4.83 |
| Deferred tax assets (Net) | g | 5.52 | 0.03 | 5.55 | 9.00 | 0.03 | 9.03 |
| Tax assets (Net) | | 7.36 | - | 7.36 | 9.00 | - | 9.00 |
| Other non-current assets | | 2.14 | - | 2.14 | 0.12 | - | 0.12 |
| Total Non-Current Assets | | 164.03 | 0.03 | 164.06 | 187.83 | 0.03 | 187.86 |
| Current Assets | | | | | | | |
| Inventories | | 48.29 | - | 48.29 | 47.21 | - | 47.21 |
| Financial assets | | | | | | | |
| (i) Trade receivables | a,b,d | 63.41 | 3.18 | 66.59 | 60.34 | 3.46 | 63.80 |
| (ii) Cash and cash equivalents | | 0.89 | - | 0.89 | 0.36 | - | 0.36 |
| (iii) Bank balances other than above | c | 9.46 | - | 9.46 | 1.29 | - | 1.29 |
| (v) Other financial assets | d,e | 4.37 | 0.46 | 4.83 | 2.53 | 2.69 | 5.22 |
| Other current assets | | 11.39 | - | 11.39 | 9.77 | - | 9.77 |
| Assets classified as held for sale | | 0.80 | - | 0.80 | 0.01 | - | 0.01 |
| Total Current Assets | | 138.61 | 3.64 | 142.25 | 121.51 | 6.15 | 127.66 |
| Total Assets | | 302.64 | 3.67 | 306.31 | 309.34 | 6.18 | 315.52 |
| Equity | | | | | | | |
| Equity share capital | | 6.72 | - | 6.72 | 6.72 | - | 6.72 |
| Other equity | | 153.29 | 0.04 | 153.33 | 96.23 | 0.08 | 96.31 |
| Total Equity (Shareholder's funds under previous GAAP) | | 160.01 | 0.04 | 160.05 | 102.95 | 0.08 | 103.03 |

(₹ in crores)

| Particulars | Notes | As at 31 March, 2017 (End of last period presented under previous GAAP) | | | As at 01 April, 2016 (Date of Transition) | | |
|--------------------------------------|-------|--|--------------------------------|-----------------------------|--|--------------------------------|-----------------------------|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| Non-Current Liabilities | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | e | 28.81 | 0.00 | 28.81 | 61.30 | 0.41 | 61.71 |
| (ii) Other financial liabilities | f | 0.55 | (0.10) | 0.45 | 0.55 | (0.14) | 0.41 |
| Provisions | | 7.33 | - | 7.33 | 6.66 | - | 6.66 |
| Total Non-Current Liabilities | | 36.69 | (0.10) | 36.59 | 68.51 | 0.27 | 68.78 |
| Current Liabilities | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | b,d | 35.27 | 3.37 | 38.64 | 55.07 | 3.41 | 58.48 |
| (ii) Trade payables | | 41.01 | - | 41.01 | 40.19 | - | 40.19 |
| (iii) Other financial liabilities | d,e | 24.49 | 0.36 | 24.85 | 37.45 | 2.42 | 39.87 |
| Provisions | | 2.23 | - | 2.23 | 2.31 | - | 2.31 |
| Other current liabilities | | 2.94 | - | 2.94 | 2.86 | - | 2.86 |
| Total Current Liabilities | | 105.94 | 3.73 | 109.67 | 137.88 | 5.83 | 143.71 |
| Total Liabilities | | 142.63 | 3.63 | 146.26 | 206.39 | 6.10 | 212.49 |
| Total Equity and Liabilities | | 302.64 | 3.67 | 306.31 | 309.34 | 6.18 | 315.51 |

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

(₹ in crores)

| Particulars | Notes | As at 31 March, 2017 (End of last period presented under previous GAAP) | As at 01 April, 2016 (Date of Transition) |
|---|-------|--|--|
| Total Equity (shareholder's funds) under previous GAAP | | 160.01 | 102.95 |
| Impairment of receivables under Ind AS (Net of Tax) | a | (0.08) | (0.09) |
| Net gain on reinstatement of ECB Loan and recognition of MTM | d,e | (0.00) | 0.02 |
| Impact of hedge accounting under Ind AS on Forward contracts and underlying financial assets / liabilities (Net of Tax) | d | 0.02 | 0.01 |
| Impact on account of measurement of financial liabilities at amortized cost | f | 0.10 | 0.14 |
| Total adjustment to Equity | | 0.04 | 0.08 |
| Total Equity under Ind AS | | 160.05 | 103.03 |

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

(₹ in crores)

| Particulars | Notes | Year ended 31 March, 2017 (Latest period presented under previous GAAP) | | |
|--|-------|--|-----------------------------------|----------------|
| | | Previous GAAP | Effect of Transition to Ind AS | Ind AS |
| Income | | | | |
| Revenue from operations | h | 360.17 | (29.12) | 389.29 |
| Other income | | 2.34 | - | 2.34 |
| Total Income (A) | | 362.51 | (29.12) | 391.63 |
| Expenses | | | | |
| Cost of materials consumed | | 119.29 | - | 119.29 |
| Purchases of stock-in-trade | | 8.56 | - | 8.56 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | | (0.56) | - | (0.56) |
| Excise duty on sale of goods | h | - | (34.00) | 34.00 |
| Employee benefits expense | i | 94.73 | 1.02 | 93.71 |
| Finance costs | f | 9.89 | (0.03) | 9.92 |
| Depreciation and amortization expense | | 27.75 | - | 27.75 |
| Other expenses | a,h | 116.72 | 4.89 | 111.83 |
| Total Expenses (B) | | 376.38 | (28.12) | 404.50 |
| Profit / (Loss) before tax (A-B) | | (13.87) | (1.00) | (12.87) |
| Exceptional items | | 90.44 | - | 90.44 |
| Tax expense | | | | |
| (1) Current tax | | 16.05 | 0.00 | 16.05 |
| (2) Deferred tax | | 3.47 | (0.36) | 3.83 |
| Profit / (Loss) for the period | | 57.05 | (0.64) | 57.69 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| - Remeasurement of the defined benefit plans | i | - | 1.02 | (1.02) |
| - Income tax relating to items that will not be reclassified to profit or loss | | - | (0.35) | 0.35 |
| Total other comprehensive income | | - | 0.67 | (0.67) |
| Total comprehensive income for the period | | 57.05 | 0.03 | 57.02 |

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

(₹ in crores)

| Particulars | Notes | Year ended 31 March, 2017 (Latest period presented under previous GAAP) |
|---|-------|---|
| Profit as per previous GAAP | | 57.05 |
| Adjustments : | | |
| Remeasurement of defined benefit obligation recognized in other comprehensive income under Ind AS (net of tax) | i | 0.67 |
| Impairment of Trade receivables under ECL method (Net of Tax) | a | 0.02 |
| Finance costs recognized under Ind AS on Liabilities carried at amortized cost | f | (0.04) |
| Impact of hedge accounting under Ind AS on Forward contracts and underlying financial assets / liabilities (Net of Tax) | d | (0.01) |
| Total effect of transition to Ind AS | | 0.64 |
| Profit for the year as per Ind AS | | 57.69 |
| Other comprehensive Income for the year (net of tax) | i | (0.67) |
| Total comprehensive income under Ind AS | | 57.02 |

- (a) Under previous GAAP, provision for bad and doubtful debts was recognized as per the internal policy of the Company based on ageing of Trade Receivables. Under Ind AS, the impairment loss allowance on account of Trade receivables is created based on a provision matrix computed under the Expected credit loss method.

As a result of the above change, net carrying value of Trade Receivables as at the transition date is lower by ₹ 0.13 crores and as at 31 March, 2017 is higher by ₹ 0.11 crores with corresponding decrease in the opening balance of retained earnings (as at the transition date) by ₹ 0.08 crores (net of deferred tax impact of ₹ 0.05 crores) and increase in the profit for the year 2016-17 by ₹ 0.02 crores (net of deferred tax impact of ₹ 0.01 crores).

The above transition has also resulted in a decrease in equity by ₹ 0.08 crores as at the transition date and by ₹ 0.06 crores as at 31 March, 2017.

- (b) Under previous GAAP, liability towards bills discounted with recourse under vendor financing facility was not being recognized in the books. Under Ind AS such transactions are recognized in books as short term borrowings with corresponding increase to that extent in Trade Receivables.

Accordingly Trade receivables and short term borrowings at the transition date and as at 31 March, 2017 is respectively higher by ₹ 3.66 crores and ₹ 3.57 crores.

- (c) Reclassification of other bank balances as required under Ind AS.

- (d) Under the previous GAAP, foreign currency derivatives in respect of Buyer's Credit and Trade receivables was being accounted as per the principles laid down in para 36 of AS 11. Under IND AS, the underlying asset/liability are reinstated at the rates prevailing as at the reporting date and marked-to-market gain/loss on the foreign currency derivatives are also recognized.

As a result of this change, Buyer's credit loan is lower by ₹ 0.25 crores, Trade receivables is lower by ₹ 0.07 crores and provision for MTM loss (net) is higher by ₹ 0.16 crores as at the transition date, with corresponding increase in the reserves as on the same date by ₹ 0.01 crores (net of deferred tax impact of ₹ 0.01 crores).

Similarly as at 31 March, 2017, Buyer's credit loan is lower by ₹ 0.20 crores, Trade receivables is lower by ₹ 0.28 crores and provision for MTM loss (net) is lower by ₹ 0.10 crores, with corresponding increase in the reserves as on the same date by ₹ 0.01 crores (net of deferred tax impact of ₹ 0.01 crores). Also profit for the year 2016-17 is lower by ₹ 0.00 crores (net of deferred tax impact of ₹ 0.00 crores).

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

As a result of this change, borrowings is higher by ₹ 2.83 crores and other financial assets (on account of recognition of Asset on MTM position as above) is higher by ₹ 2.85 crores as at the transition date. The difference of ₹ 0.01 crores (net of deferred tax impact of ₹ 0.01 crores) has been reflected in the opening balance of retained earnings (as at the transition date).

Similarly as at 31 March, 2017, borrowings is higher by ₹ 0.36 crores and other financial assets (on account of recognition of Asset on MTM position as above) is higher by ₹ 0.35 crores with corresponding impact in reserves by ₹ 0.01 crores (net of deferred tax impact of ₹ 0.00 crores). Also profit for the year 2016-17 is lower by ₹ 0.02 crores (net of deferred tax impact of ₹ 0.01 crores).

- (f) Under previous GAAP, liabilities were recorded at their transaction value. Under Ind AS, financial liabilities are initially measured at fair value and subsequently measured at amortized cost. As a result of the above, carrying value of certain financial liabilities as on the transition date is lower by ₹ 0.14 crores with corresponding increase in the opening balance of retained earnings as on the said date. Further, profit for the year 2016-17 is lower by ₹ 0.04 crores on account of recognition of finance cost on such liabilities.

The above transition has also resulted in an increase in equity by ₹ 0.14 crores as at transition date and by ₹ 0.10 crores as at 31 March, 2017.

- (g) Under previous GAAP, minimum alternate tax entitlements were classified under other non-current assets. Under Ind AS, the same is classified as unused tax credits under deferred tax. The movement in MAT Credit entitlement also forms part of deferred tax expense in the Statement of Profit and loss.
- (h) Under previous GAAP, cash discounts and rebates passed on to customers were recorded in other expenses under the head selling expenses. Under Ind AS, these are reflected as adjustments to revenue for sale of products. Under previous GAAP, excise duty on sale of goods was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence, disclosed separately as an expense in the statement of profit and loss. As a result of the above changes, revenue from sale of products has increased by ₹ 29.12 crores with corresponding increase in excise duty by ₹ 34 crores and decrease in other expenses by ₹ 4.88 crores in the Statement of Profit and Loss for the year ended 31 March, 2017.
- (i) Under Previous GAAP, actuarial gains / losses arising out of remeasurement of defined benefit obligation were recognized as employee benefits expense in the statement of profit and loss. Under Ind AS, such re-measurement of gains / losses are recognized in OCI. Consequently, the tax effect of the same has also been recognized in OCI. The above change has resulted in decrease in employee benefits expense and loss in OCI by ₹ 1.02 crores for year ended 31 March, 2017; net tax effect thereon is ₹ 0.35 crores.

32.6 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March, 2017

There are no changes to the cash flows from operating, financing and investing activities as reported in the cash flow statement for the year ended 31 March, 2017 drawn up under the previous GAAP on account of transition to Ind AS, other than those arising due to reclassification of the previous year figures to conform to the current year's layout.

Note 33 : Financial Instruments

33.1 Capital management

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

(₹ in crores)

| 33.2 Categories of financial instruments | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 |
|--|-------------------------|-------------------------|-------------------------|
| Financial assets | | | |
| Measured at fair value through profit or loss (FVTPL) | | | |
| (a) Mandatorily measured: | | | |
| - Equity investments | 0.04 | 0.59 | 0.57 |
| - Derivative instruments | - | 0.64 | 2.80 |
| Measured at amortised cost | | | |
| - Trade receivables | 79.29 | 66.59 | 63.80 |
| - Cash and cash equivalents | 10.55 | 0.89 | 0.36 |
| - Other bank balances | 0.22 | 9.46 | 1.29 |
| - Other financial assets (Current) | 2.60 | 4.19 | 2.40 |
| - Other financial assets (Non-Current) | 4.50 | 4.64 | 4.83 |
| Financial liabilities | | | |
| Measured at fair value through profit or loss (FVTPL) | | | |
| - Derivative instruments | 0.04 | - | - |
| Measured at amortised cost | | | |
| - Borrowings (Long-term) | 33.25 | 28.81 | 61.71 |
| - Borrowings (Short-term) | 61.45 | 38.64 | 58.48 |
| - Trade payables | 49.76 | 41.01 | 40.19 |
| - Other Financial liabilities | 21.56 | 25.30 | 40.28 |

(₹ in crores)

| Fair value hierarchy | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April, 2016 | Fair value Hierarchy |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| - Derivative instruments (Forward contracts) | (0.04) | 0.64 | 2.80 | Level-2 |
| - Equity investments | 0.04 | 0.59 | 0.57 | Level-3 |

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

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

33.3 Financial risk management

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

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

33.3.1 Market Risk

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

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

(a) Interest rate risk

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

(b) Foreign Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising derivative contracts. The risk management objective of the Company is to hedge risk of change in the foreign currency exchange rates associated with its direct & indirect transactions denominated in foreign currency. Since most of the transactions of the Company are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility. The Company does not enter into a foreign exchange transaction for speculative purposes i.e. without any actual /anticipated underlying exposures.

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

(₹ in crores)

| Currency | Liabilities as at | | | Assets as at | | |
|----------|-------------------|----------------|----------------|----------------|----------------|----------------|
| | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
| EURO | 0.03 | 0.00 | 0.00 | 0.00 | 0.04 | 0.03 |
| GBP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| JPY | - | 1.50 | 0.00 | 1.17 | - | 0.02 |
| USD | 0.21 | 0.21 | 0.48 | 0.27 | 0.20 | 0.24 |

Foreign Currency sensitivity analysis

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

(₹ in crores)

| Particulars | Impact on profit or loss for the year | | | Impact on total equity as at the end of the reporting period | | |
|------------------------------|---------------------------------------|-------------|---------------|--|----------------|----------------|
| | 2017 - 2018 | 2016 - 2017 | 2015 - 2016 | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
| Financial Assets | | | | | | |
| EURO | 0.12 | 0.14 | 0.10 | 0.08 | 0.09 | 0.07 |
| GBP | 0.00 | 0.00 | 0.00 | 0.00 | | |
| JPY | - | - | 0.00 | - | - | 0.00 |
| USD | 0.67 | 0.64 | 0.81 | 0.44 | 0.42 | 0.53 |
| Financial Liabilities | | | | | | |
| EURO | 0.00 | 0.00 | 0.02 | 0.00 | 0.00 | 0.01 |
| GBP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| JPY | 0.04 | 0.04 | 0.00 | 0.02 | 0.03 | 0.00 |
| USD | 0.87 | 0.68 | 1.58 | 0.57 | 0.44 | 1.04 |
| Total | (0.12) | 0.06 | (0.69) | (0.07) | 0.04 | (0.45) |

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

Forward foreign exchange contracts

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

(₹ in crores)

| Outstanding contracts | Average exchange rate | | Foreign currency | | Notional value | | Fair value assets/ (liabilities) | |
|--------------------------------------|-----------------------|----------------|------------------|----------------|----------------|----------------|----------------------------------|----------------|
| | 31 March, 2018 | 31 March, 2017 | 31 March, 2018 | 31 March, 2017 | 31 March, 2018 | 31 March, 2017 | 31 March, 2018 | 31 March, 2017 |
| Cash flow hedges | | | | | | | | |
| Buy USD | | | | | | | | |
| Less than 3 months | 65.72 | 68.29 | 0.12 | 0.05 | 8.12 | 3.25 | 8.10 | (3.40) |
| More than 3 months but upto 6 months | 65.09 | 67.67 | 0.04 | 0.04 | 2.52 | 2.90 | 2.55 | (2.96) |
| Sell USD | | | | | | | | |
| Less than 3 months | 66.21 | 68.81 | 0.08 | 0.08 | 4.97 | 5.16 | 5.03 | 4.88 |
| More than 3 months but upto 6 months | 65.51 | 68.93 | 0.09 | 0.05 | 5.90 | 3.45 | 5.84 | 3.29 |
| Sell Euro | | | | | | | | |
| Less than 3 months | 78.46 | 74.22 | 0.01 | 0.01 | 0.94 | 0.67 | 0.91 | 0.63 |
| More than 3 months but upto 6 months | 81.05 | 73.70 | 0.01 | 0.01 | 0.97 | 0.44 | 0.95 | 0.42 |

The line-items in the balance sheet that include the above hedging instruments are "Other Financial Assets" and "Other Financial Liabilities".

33.3.2 Credit risk

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

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

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

33.3.3 Liquidity risk

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

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

(₹ in crores)

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total | Carrying Value |
|----------------------------------|------------------|--------------|-------------------|---------------|----------------|
| 31 March, 2018 | | | | | |
| Borrowings | 61.45 | 33.25 | - | 94.70 | 94.70 |
| Trade payables | 49.76 | - | - | 49.76 | 49.76 |
| Derivative Financial Liabilities | 0.04 | - | - | 0.04 | 0.04 |
| Other Financial Liabilities | 21.56 | - | - | 21.56 | 21.56 |
| Total | 132.81 | 33.25 | - | 166.06 | 166.06 |
| 31 March, 2017 | | | | | |
| Borrowings | 38.64 | 28.81 | - | 67.45 | 67.45 |
| Trade payables | 41.01 | - | - | 41.01 | 41.01 |
| Derivative Financial Liabilities | - | - | - | - | - |
| Other Financial Liabilities | 24.85 | 0.45 | - | 25.30 | 25.30 |
| Total | 104.50 | 29.26 | - | 133.76 | 133.76 |
| 01 April, 2016 | | | | | |
| Borrowings | 58.48 | 61.71 | - | 120.19 | 120.19 |
| Trade payables | 40.19 | - | - | 40.19 | 40.19 |
| Derivative Financial Liabilities | - | - | - | - | - |
| Other Financial Liabilities | 39.87 | 0.41 | - | 40.28 | 40.28 |
| Total | 138.54 | 62.12 | - | 200.65 | 200.65 |

Note 34 : Earnings Per Share

| Particulars | 31 March, 2018 | 31 March, 2017 |
|---|----------------|----------------|
| Profit after Tax (₹ in crores) (A) | (17.06) | 57.69 |
| Number of equity Shares of ₹ 10 each outstanding at the end of the year | 6,718,992 | 6,718,992 |
| Weighted Average number of Equity Shares for the purpose of basic earnings per share Number of equity shares of ₹ 10 each at the end of the year (B) | 6,718,992 | 6,718,992 |
| Earnings Per Share - Basic (in ₹) | (25.40) | 85.86 |
| Earnings Per Share - Diluted (in ₹) | (25.40) | 85.86 |

Note 35 : As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the company. However there is no applicability u/s.135 to make contribution.

Note 36 : There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31 March, 2018.

Note 37 : Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹ 1.49 crores (Previous Year ₹ 1.87 crores)

Note 38 : Exceptional Item represents

38.1 Profit on sale of Company's part land in Alandur, Chennai amounts to ₹ Nil (net of selling expenses of ₹ Nil crores) (Previous Year ₹ 94.01 crores (net of selling expenses of ₹ 0.80 crores))

38.2 Loss on Sale / Retirement of assets on rationalization of facilities amounting to ₹ Nil (Previous Year ₹ 3.57 crores)

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

| Particulars | (₹ in crores) | | |
|--|----------------|----------------|----------------|
| | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
| a) Principal amount due | 0.70 | 0.28 | 1.00 |
| Interest due on the above | 0.00 | 0.00 | 0.00 |
| b) Interest paid during the period beyond the appointed day | 0.01 | 0.02 | 0.01 |
| c) Amount of payment made to the supplier beyond the appointed day during the accounting year | 3.78 | 4.18 | 3.42 |
| 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 | 0.02 |
| f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act. | - | - | - |

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

Note 40 : The application for renewal for Consent For Operations (CFO) under the pollution control regulations in one of the manufacturing plants located in the State of Telangana has been returned by the regulatory authority citing that industries located in the specified area were not issued CFO in the light of G.O.Ms.No.111 dated 08 March, 1996. However, the Company is of the opinion that this does not impact the going concern status of the Company and its future operations. The Company has examined the matter and is taking necessary action to present its case that it is neither a polluting nor a potentially polluting industry before the pollution control authorities.

Note 41 : The previous year's figures have been re-grouped, reclassified wherever necessary so as to make them comparable with the current year's figures.

Note 42 : Figures in brackets in the Schedules and Notes pertain to previous year.

As per our report of even date attached

For **VARMA & VARMA**
Chartered Accountants
Firm Registration No. 004532S

P R PRASANNA VARMA
Partner
Membership No. 025854

Chennai
02 May, 2018

HARISH LAKSHMAN
Vice Chairman
DIN : 00012602

KALIDOSS S
Company Secretary

For and on behalf of the Board

L GANESH
Chairman & Managing Director
DIN : 00012583

V K VIJAYARAGHAVAN
Chief Financial Officer

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

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

1. Remuneration paid to Directors and Key Managerial Personnel

| Name | Designation | Remuneration FY 2017-18 (₹ in Crores) | % increase/ (decrease) of remuneration FY 2017-18 | Ratio of remuneration of each director to median remuneration of employees |
|------------------------|------------------------------|---------------------------------------|---|--|
| Mr. L Ganesh | Chairman & Managing Director | (Note i) | | |
| Mr. V K Vijayaraghavan | Chief Financial Officer | 0.32 | | Not Applicable |
| Mr. Kalidoss S | Company Secretary | 0.17 (Note iii) | | |

Note:

- (i) Chairman & Managing Director does not draw any remuneration from the Company. None of the other directors receive any remuneration from the Company except sitting fees for attending meeting of the Board / Committee(s) thereof.
 - (ii) Remuneration has been considered based on annual emoluments and designation as on date.
 - (iii) Remuneration of Secretary is part of the secretarial services availed by the Company from Rane Holdings Limited.
2. Median remuneration of the employees of the Company for FY 2017-18 is ₹ 0.04 Crores. Decrease in median remuneration during the year : 9%
 3. Number of permanent employees on the rolls of the Company as on 31 March, 2018 was 1049 as against 1051 as on 31 March, 2017.
 4. Average percentile increase already made in salary of employees other than the managerial personnel in last financial year as against an percentile increase in managerial remuneration: Not applicable, since no managerial remuneration was paid during the year 2017-18.
 5. It is hereby affirmed that the remuneration paid is in accordance with the remuneration policy.

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

i. Top ten employees in terms of remuneration drawn:

| Name | Designation | Remuneration (₹ in crores) | Nature of employment | Qualifications and experience of the employee | Date of commencement of employment | Age | Last employment held |
|--------------------|------------------------------|----------------------------|----------------------|---|------------------------------------|-----|---|
| Mr. Rajasekaran A* | President | 0.98 | Permanent | BE, MBA & 27 years | 14 December, 2001 | 48 | Rane NSK Steering Systems Private Limited |
| Mr. Rajkumar S | Vice President - Operations | 0.46 | Permanent | M.Tech, Grad CWA, MBA, PhD & 27 years | 09 June, 2016 | 50 | NS Instruments India Pvt Ltd |
| Mr Giridhar Raj D | General Manager - Marketing | 0.36 | Permanent | BE, MBA & 23 years | 02 March, 2017 | 45 | SKF India Ltd |
| Mr. Balaji E | General Manager - Operations | 0.34 | Permanent | ME & 25 years | 05 January, 2005 | 47 | Sundram Fasteners Ltd |

| Name | Designation | Remuneration (₹ in crores) | Nature of employment | Qualifications and experience of the employee | Date of commencement of employment | Age | Last employment held |
|--------------------------------|-------------------------------------|-------------------------------|-------------------------|--|--|-----|--|
| Mr. Ranganath G | General Manager - Operations | 0.33 | Permanent | Diploma, BS, MBA & 22 years | 24 February, 2010 | 48 | Fenner India |
| Mr. V K Vijayaraghavan | Vice President - Finance & CFO | 0.32 | Permanent | B.Com, MBA, CA, Grad. CWA & 26 years | 16 February, 2017 | 48 | Auro Mira Energy Co. Pvt. Ltd. |
| Mr. Pushparaj Ramesh S | Dy. Gen. Manager - Prog Mgmt | 0.27 | Permanent | BE, MBA & 20 years | 01 June, 2016 | 46 | Tenneco Automotive India Pvt Ltd |
| Mr. Ezhilarasu Rajamanickam | Dy. Gen. Manager - Operations | 0.27 | Permanent | B.Tech, MS, MBA & 14 years | 11 November, 2016 | 36 | Mahle Filter Systems India Ltd |
| Mr. Selva Vinayaga Raja A | General Manager - HRD | 0.26 | Permanent | BBA, MLM & 23 years | 01 August, 2016 | 45 | Rane TRW Steering Systems Pvt Ltd |
| Mr. Nagarajan N | General Manager - Operations | 0.25 | Permanent | BE& 28 years | 08 September, 2016 | 51 | Sundram Fasteners Ltd |

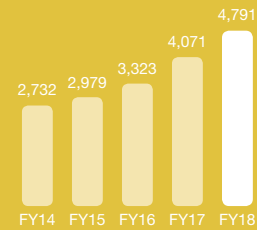
* Resigned from the services of the Company effective 31 December, 2017

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

Our Parentage

Rane Holdings Limited

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



TOTAL INCOME (*)
(₹ in Crore)

(*) Total Income are net of excise duty



Subsidiaries

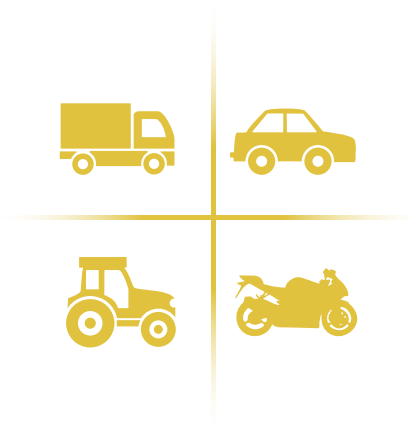
- Rane (Madras) Limited
 - Rane (Madras) International Holdings, B.V., The Netherlands
 - Rane Precision Die Casting Inc., USA

- Rane Engine Valve Limited
- Rane Brake Lining Limited
- Rane t4u Private Limited
- Rane Holdings America Inc., USA
- Rane Holdings Europe GmbH, Germany

Joint Ventures

- Rane TRW Steering Systems Private Limited
- Rane NSK Steering Systems Private Limited
- JMA Rane Marketing Limited





Rane

Expanding Horizons

Rane Engine Valve Limited

CIN: L74999TN1972PLC006127

“Maithri”, 132, Cathedral Road,
Chennai-600086, India

Phone: +91 44 28112472 / 73

Fax: +91 44 28112449

www.ranegroup.com