



**RANE ENGINE VALVE LIMITED**

**Registered Office:** “Maithri”, 132, Cathedral Road, Chennai – 600 086. **Tel.:** (044) 28112472-73 **Fax:** (044) 28112449. **Website:** [www.rane.co.in](http://www.rane.co.in) **Email:** [investorservices@rane.co.in](mailto:investorservices@rane.co.in)

(Incorporated as a Public Limited Company on March 9,1972 under the Companies Act, 1956 as “Techcons Limited” under the provisions of the Companies Act, 1956. In terms of the Scheme of Demerger, Merger and Amalgamation for transfer of the manufacturing undertaking of erstwhile Rane Engine Valves Limited, as approved by the Hon’ble High Court of Judicature at Madras, the name of the Company was changed to Rane Engine Valve Limited w.e.f. February 6, 2008.

**INFORMATION MEMORANDUM FOR LISTING OF 5,150,992 EQUITY SHARES OF RS. 10 EACH FULLY PAID-UP**

<b>GENERAL RISKS</b>
Investment in equity and equity-related securities involve a degree of risk Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of Rane Engine Valve Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.
<b>ABSOLUTE RESPONSIBILITY OF RANE ENGINE VALVE LIMITED</b>
Rane Engine Valve Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Rane Engine Valve Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
<b>LISTING</b>
The Equity Shares of Rane Engine Valve Limited are proposed to be listed on Madras Stock Exchange Limited (MSE), National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited, Mumbai (BSE).
<b>SHARE TRANSFER AGENT</b>
<p><b>Integrated Enterprises (India) Ltd.</b>                  2nd Floor, “Kences Towers”, No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600017.                  Tel: (044) 28140801 Fax: (044) 28142449  <b>E-MAIL: <a href="mailto:sureshabu@iepindia.com">sureshabu@iepindia.com</a></b></p>

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**SECTION I**

**GLOSSARY OF TERMS AND ABBREVIATIONS**

BSE	The Bombay Stock Exchange Limited, Mumbai
Company / REVL	Rane Engine Valve Limited (Formerly known as Techcons Limited)
CDSL	Central Depository Services (India) Limited
Demerged Company 1	Rane Engine Valves Limited
Demerged Company 2	Rane Brake Linings Limited
DIP Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000
DP	Depository Participant
FEMA	Foreign Exchange Management Act, 1999
HCV	Heavy Commercial Vehicle
Investor Grievance Committee	The Investor Grievance Committee set up to attend to the grievances of investors.
Issue	The issue of equity shares of Rane Engine Valve Limited in terms of this Composite Scheme of Demerger, Merger and Amalgamation
KML	Kar Mobiles Limited
LCV	Light Commercial Vehicle
MSE	Madras Stock Exchange Limited
MNC	Multinational Companies
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OEM	Original Equipment Manufacturer
PACs	Persons Acting in Concert
RIL	Rane Investments Limited
RBL	Rane Brake Lining Limited (formerly known as Rane Brake Products Limited)
RBI	Reserve Bank of India
Registrar / IEP	Integrated Enterprises (India) Ltd.
RHL	Rane Holdings Limited
RoC	Registrar of Companies, Tamil Nadu, Chennai, Andaman & Nicobar Islands
SCHEME	Composite Scheme of Demerger, Merger and Amalgamation sanctioned by the High Court of Madras, vide order dated December 20, 2007.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SIAM	Society of Indian Automobile Manufacturers
Shares	Fully paid-up equity shares of Rs. 10/- each
TPM	Total Productivity Management
TQM	Total Quality Management
UV	Utility Vehicle



## FORWARD LOOKING STATEMENTS

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Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP. Our current financial year commenced on April 1, 2007 and shall end on March 31, 2008. In this Information Memorandum, any discrepancies in any table between the total and sums of the amounts listed are due to rounding-off.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about the various other companies is based on their respective Annual Reports and information made available by the respective companies.

Any projections, forecasts and estimates contained herein are forward looking statements that involve risks and uncertainties. Such statements use forward looking terminology like “may”, “believe”, “will”, “expect”, “anticipate”, “estimate”, “plan” or other similar words. The Company’s actual results could differ from those anticipated in these forward looking statements as a result of certain factors including those which are set forth in the “Risk Factors” section.

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Indian Rupee and other currency changes;
- Changes in laws and regulations in India;
- Changes in political conditions in India;
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors”. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occur in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## SECTION II RISK FACTORS

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### A. RISK INTERNAL TO THE COMPANY

#### **Volatility in the Auto Industry:**

As the Company caters exclusively to the automotive industry, the Company's business fortunes depend on the performance of this industry. There have been substantial changes in the Indian automobile industry in the last few years leading to consolidation, entry of new players and technological changes. Coupled with the sustained growth in Indian economy, the industry has registered substantial growth over the past few years. However, past experience has shown that the industry is susceptible to cyclical downturns and events that result in decreased demand in the automobile industry could have an adverse impact on the Company's operations and financial conditions.

#### **Dependence on Original Equipment Manufacturers (OEM)**

Traditionally, the company has focused on supply of engine valves, guides and tappets to OEM's of passenger cars and utility vehicles, commercial vehicles, two wheelers and farm tractors. Continuous price reduction and escalation in input costs have resulted in decline in operating profits during the year 2007-08.

Concerns of inflation caused through supply side constraints and increases in prices of commodities continued. These have resulted in monetary measures, which have driven up the interest rates. It should be expected these would have a dampening effect on the growth sentiments.

#### **Increase in input costs**

Our major input costs consist of steel, employee cost, power & fuel. Steel price has increased steeply in the recent past. We may not be able to pass on all increase in the cost of inputs to the customers and this could have adverse impact on financial condition and operations of the Company.

#### **Pricing Pressures**

Due to increased competition and pressure from OEM customers especially in passenger car segments, the company's product prices may come down in future which may have an adverse effect on profits of the company.

#### **Foreign Exchange rates fluctuations**

The major portion of the Company's export receivables are denominated in US Dollar, while most of the input costs are incurred in Indian Rupees and Japanese Yen. The strengthening of Indian Rupee with respect to USD could adversely impact the profitability of export sales and this situation could continue if the Indian Rupee continues to appreciate against USD.

#### **Contingent Liabilities**

In terms of the Scheme of Demerger, Merger and Amalgamation, the accumulated contingent liabilities of erstwhile Rane Engine Valves Ltd. as on **December 31, 2007** (Appointed Date) amounting to Rs.173.49 Lakhs has been transferred to the company.

## **Litigations**

Our company, director and group companies are involved in certain legal proceedings in India. The company may not assure you that all the proceedings pending against the company may be decided in its favour.

For detailed information **please refer to the section titled “OUSTANDING LITGATIONS AND MATERIAL DEVELOPMENTS”, on page 62.**

## **B. RISK EXTERNAL TO THE COMPANY**

### **General Economic conditions**

The fortune of Indian auto-components industry is largely dependent on the performance of Indian automobile industry, which in turn is dependent on the growth of the economy. Following the liberalization of the Indian economy initiated by the Central Government in the early 1990s, the GDP registered an average growth of over 7% during the period 1993-1997. The Indian automobile industry too registered double-digit growth rates during this period, largely due to the entry of global manufacturers and the increased customer demand for the products.

When the economic growth started slowing down in 1997, the automobile and the auto components industries also started the cyclical down turn. Our industry could be subjected to such down turns in the future resulting from possible slow down of the Indian economy. This could adversely affect the financial performance of the Company.

### **Increased competition from low cost destinations**

Along with India, other countries, especially in the South-East Asia and the Asia Pacific regions have become the sources for procurement of auto components by the international automobile manufacturers. Further, countries like China and Taiwan, continue to export low priced products. India is likely to face increased competition from these countries for export of auto components.

### **Changes in government policies and regulations.**

Any significant change in India's economic liberalization and deregulation policies could affect business and economic conditions generally and consequently our business also. Further, potential changes in environmental and other regulations by the Central and State Governments could adversely affect our business and financial conditions.

### **Follow source of MNC OEM's**

MNC OEM especially in passenger car industry prefer their component suppliers situated abroad to supply in India also. This may affect the company's sales and market share in the OEM business in future.

### **Likely entry of MNC's in India**

MNC's from other countries are eyeing the Indian market keenly and are likely to set up manufacturing/ distribution facilities in the country, which may affect the market shares of the company.

**SECTION III**

**INTRODUCTION**

**SUMMARY**

**YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE RISK FACTORS AND THE MORE DETAILED INFORMATION ABOUT THE COMPANY AND FINANCIAL DATA INCLUDED ELSEWHERE IN THIS INFORMATION MEMORANDUM.**

(Sources: The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries and has not been independently prepared and verified by the Company. The information provided is based on present business activities of the Company.)

**INDUSTRY AND BUSINESS OVERVIEW**

Indian auto- component industry is relatively small by global standards with some individual global auto component companies having sales far in excess of that of the Indian auto component industry as a whole. The size of the industry has, however, increased in the last decade with the rapid growth in Indian automobile production, triggered largely by the economic liberalization and with global automobile players setting up manufacturing facilities in India. The other driver for expansion of the Indian auto-component industry has been the increasing volume of exports. Major global automobile manufacturers/Tier-1 suppliers are already sourcing auto components from India for their global requirements.

The table below highlights the segmental growth of the Indian automotive industry during the last five years:-

Particulars	2006-2007		2005-2006		2004-2005		2003-2004		2002-2003	
	Sales (Nos)	Growth (%)	Sales (Nos)	Growth (%)	Sales (Nos)	Growth (%)	Sales (Nos)	Growth(%)	Sales (Nos)	Growth (%)
Passenger Cars	1,323,404	19	1,113,598	9	1,023,927	23	830,369	34	621,774	8
Utility vehicles	222,111	13	196,585	7	183,656	24	160,370	24	129,490	4
Light Commercial Vehicles	150,751	7	141,291	23	139,945	28	110,715	34	82,465	28
SCV (one T & below)	74,983	146	30,496	-	-	-	-	-	-	-
Medium and heavy commercial vehicles	294,266	34	219,297	4	210,087	27	161,161	35	119,210	25
Farm Tractors	335,464	15	291,213	15	210,087	30	191,012	4	145,451	-28
Three Wheelers	555,887	28	434,424	17	371,208	5	340,729	23	276,464	
Two Wheelers	8,439,611	11	7,601,340	18	6,454,765	17	5,624,950	10	5,109,419	20

The tractor industry has recovered and registered a positive growth throughout the last four years.



The competitive edge Indian auto-component manufacturers enjoy which could enable them become global players are:

- Cost effective manufacturing technology and a penetrative strategy
- High levels of quality and productivity achieved by embracing Japanese concepts and best practices such as Total Quality management (TQM), Total productivity management (TPM), Six Sigma and Lean Production system
- Legal, financial and accounting systems in place

## GENERAL INFORMATION

Incorporated as a Public Limited Company on March 9, 1972 under the Companies Act, 1956 as “Techcons Limited” under the provisions of the Companies Act, 1956. In terms of the Scheme of Demerger, Merger and Amalgamation for transfer of the manufacturing undertaking of erstwhile Rane Engine Valves Limited, as approved by the Hon’ble High Court of Judicature at Madras, the name of the Company was changed to Rane Engine Valve Limited w.e.f February 6, 2008.

### Registered Office

“Maithri”,  
132, Cathedral Road  
Chennai – 600086

### Registration Number

18 - 006127

### Corporate Identification Number

U74999TN1972PLC006127

### Address of the Registrar of Companies :

Office of the Registrar of Companies  
Shastri Bhawan  
No 16, Haddows Road  
Chennai 600 006

### Board of Directors of the Company

SL NO	NAME
1.	L Lakshman
2.	L Ganesh
3.	C Prabhakar
4.	R Jagannath
5.	Subodh Kumar Bhargava
6.	Ashok Malhotra

For further details on the Board of Directors of the company please refer the section titled “**Management**” at Page 23.





**Company Secretary and Compliance Officer**

K Sankaranarayanan  
 “Maithri”  
 132, Cathedral Road  
 Chennai 600 086  
 Phone: + 91 44 2811 2472  
 Fax: +91 44 2811 2449  
 Email: investorservices@rane.co.in

**Bankers to the Company:**

**Bank of Baroda**

New No. 70, Old No. 28, Rajaji Salai, Chennai – 600001

**ICICI Bank Ltd.**

ICICI Bank Towers, 9<sup>th</sup> Floor, East Wing, 93, Santhome High Road, Santhome, Chennai – 600 028

**BNP Paribas**

Prince Towers, 3<sup>rd</sup> Floor, 25/26, College Road, Chennai – 600006

**The Hongkong and Shanghai Banking Corporation Ltd.**

Nagabrama Towers, No. 76, Cathedral Road, Chennai – 600086

**HDFC Bank Ltd.**

Mariam Center, 3<sup>rd</sup> Floor, No. 751-B, Anna Salai, Chennai – 600 002

**Standard Chartered Bank**

No. 19, Rajaji Salai, 5<sup>th</sup> Floor, Chennai – 600 001

**Auditors of the company:**

M/s Brahmayya & Co  
 Chartered Accountants  
 No.48, Masilamani Road  
 Balaji Nagar, Royapettah  
 Chennai 600 014

**CAPITAL STRUCTURE:**

**A. Pre Scheme of Arrangement**

	Amount (Rs.)
A. <u>Authorised Capital</u>	
90,000 Equity Shares of Ra.10/- each	900,000
10,000 Preference Shares of Rs. 10/- each	100,000
<b>Total</b>	<b>1,000,000</b>
B. <u>Issued, Subscribed and paid up capital</u>	
51,000 Equity Shares of Rs.10/- each	510,000
<b>Total</b>	<b>510,000</b>

**B. Post Scheme of Arrangement**

	Amount (Rs.)
A. <u>Authorised Capital</u>	
10,000,000 Equity Shares of Ra.10/- each	100,000,000
<b>Total</b>	<b>100,000,000</b>
B. <u>Issued, Subscribed and Paid-up Capital</u>	
5,150,992 Equity Shares of Ra.10/- each fully paid-up	51,509,920
<b>Total</b>	<b>51,509,920</b>

1. The authorized share capital of the company at the time of incorporation was Rs.1,000,000/- divided into 90,000 equity shares of Rs.10/- each and 10,000 9.3% cumulative redeemable preference shares of Rs.10/- each.
2. The authorized capital was increased from Rs. 1,000,000/- to Rs.100,000,000/- divided into 10,000,000 Equity Shares of Rs.10/- each in terms of Clause 20.6 of the Scheme sanctioned by the High Court of Judicature at Madras.

**Notes to Share Capital Structure:**

**1. Share Capital History of the Company**

SI No	Date of Allotment	Nature of Issue	Consideration	No of shares	Face Value (In Rs)	Issue Price (In Rs.)	Share Premium	Cumulative Paid up Share Capital (Nos.)
1	09.03.1972	Subscription to MoA	Cash	70	10	700	NIL	70
2	20.04.1973	Further issue		930	10	9300	NIL	1,000
3	10.01.2002	Preferential Issue		50,000	10	500,000	NIL	51,000

In terms of the Scheme of Demerger, Merger and Amalgamation the company has allotted 5,150,992 equity shares of Rs.10/- each fully paid-up to the equity shareholders of erstwhile Rane Engine Valves Limited, on February 28, 2008.

2. As per clause 22.4 of the scheme, the entire pre issue share capital held by the REVL stands cancelled. In terms of Clause 8.3.5.1 (vii) of the SEBI (DIP) Guidelines, 2000, 1,030,199 equity shares of the Demerged Company 1 which was locked-in upto December 31, 2008 would continue to be locked-in for the same period in the company. Further, pursuant to clause 8.3.5.1(viii) of SEBI (DIP) Guidelines, 2000, 20% of the post scheme paid up capital held by the promoters, are subject to lock in for a period of three years i.e. upto April 30, 2011.
3. The list of equity shareholders of the company and the shares held by them is as follows:
  - (a) Details of Top Ten Shareholders after the date of allotment to the date of filing this Information Memorandum are as follows:

SI No	Name of the Shareholder	No of Shares	% to the Paid up capital
1.	Rane Holdings Limited	2,284,898	44.36
2.	Rane Investments Limited	372,387	7.23
3.	TRW Automotive J V LLC	504,000	9.78
4.	Enam Capital Private Limited	201,890	3.92
5.	Narayanamma M M	83,280	1.62
6.	The Oriental Insurance Company Limited	52,775	1.02
7.	Chitra Venkataraman	49,772	0.97
8.	B Dharani	47,041	0.91
9.	United India Insurance Company Limited	46,342	0.90
10.	Bhargavi Devi B	45,408	0.88

- (b) Details of Top Ten Shareholders two years prior to the date of this Information Memorandum:

SI No	Name of the Shareholder	No of Shares	% to the Paid up capital
1.	Rane Engine Valves Limited	25,000	49.02
2.	Rane Brake Linings Limited	25,000	49.02
3.	Harish Lakshman	200	0.39
4.	Meenakshi Ganesh	150	0.29
5.	Prasanna Aghoram	150	0.29
6.	Pushpa Lakshman	150	0.29
7.	Vanaja Aghoram	150	0.29
8.	Aditya Ganesh	75	0.15
9.	Aparna Ganesh	75	0.15
10.	Vinay Lakshman	50	0.10

4. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.
5. The promoters of the company have not traded in the shares of the company during the six months preceding the date on which the information memorandum is filed with the Board.
6. None of the directors or key management personnel of the company other than those mentioned below hold shares in the company

Name of the Director / Key Management Personnel	Shares	Percent to total capital
L Ganesh	50	0.00%
L Lakshman	50	0.00%
C Prabhakar	19,634	0.38%

7. The shareholding pattern of the company before and after the scheme is as follows:

Category code	Category of shareholder	Pre Scheme		Post scheme	
		No of Shares	% to Paid up Equity capital	No of Shares	% to paid up equity capital
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group[2]</b>				
<b>1</b>	<b>Indian</b>				
(a)	Individuals/ Hindu Undivided Family	1,000	1.96	3,287	0.06
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate	50,000	98.04	2,657,285	51.59
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Other (specify)	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>51,000</b>	<b>100.00</b>	<b>2,660,572</b>	<b>51.65</b>
<b>-2</b>	<b>Foreign</b>				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-

Category code	Category of shareholder	Pre Scheme		Post scheme	
		No of Shares	% to Paid up Equity capital	No of Shares	% to paid up equity capital
(c)	Institutions	-	-	-	-
(d)	Any Other (specify)	-	-	-	-
	Sub-Total (A)(2)				
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>51,000</b>	<b>100.00</b>	<b>2,660,572</b>	<b>51.65</b>
<b>(B)</b>	<b>Public shareholding[3]</b>				
<b>1</b>	<b>Institutions</b>				
(a)	Mutual Funds/ UTI	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	6,318	0.12
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	122,607	2.38
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (specify)	-	-	-	-
	<b>Sub-Total (B)(1)</b>			<b>128,925</b>	<b>2.50</b>
<b>2</b>	<b>Non-institutions</b>				
(a)	Bodies Corporate	-	-	290,633	5.64
	Individuals -				
(b)	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	-	-	1,073,989	20.85
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	492,873	9.57
(c)	Any Other -				
	i. Foreign Collaborator	-	-	504,000	9.78
	<b>Sub-Total (B)(2)</b>			<b>2,361,495</b>	<b>45.85</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	-	-	2,490,420	48.35
	<b>TOTAL (A)+(B)</b>	<b>51,000</b>	<b>100.00</b>	<b>5,150,992</b>	<b>100.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>51,000</b>	<b>100.00</b>	<b>5,150,992</b>	<b>100.00</b>

8. Details of shares held by our Promoters and Promoters Group:

<b>Promoter</b>	<b>No.of Shares</b>	<b>% to paid-up Capital</b>	<b>Lock-in</b>
Rane Holdings Limited	2,284,898	44.36	2,060,398
Rane Investments Limited	372,387	7.23	N.A
Lakshman L	50	0.00	N.A
Harish Lakshman	50	0.00	N.A
L Ganesh	50	0.00	N.A
<b>Promoter Group</b>	<b>No.of Shares</b>	<b>% to paid-up Capital</b>	<b>Lock-in</b>
Sumant Narayan	1,524	0.27	N.A
Suchitra Narayan	1,124	0.02	N.A
Chitra Sundaresan	189	0.00	N.A
Vinay Lakshman	50	0.00	N.A
Pushpa Lakshman	50	0.00	N.A
Meenakshi Ganesh	50	0.00	N.A
Malavika Lakshman	50	0.00	N.A
Aparna Ganesh	50	0.00	N.A
Aditya Ganesh	50	0.00	N.A

The entire share capital held by the promoters was allotted under the Scheme. In terms of Clause 8.3.5.1 (vii) of the SEBI (DIP) Guidelines, 2000, 1,030,199 equity shares of the Demerged Company 1 which was locked-in upto December 31, 2008 would continue to be locked-in for the same period in the company. Further, pursuant to Clause 8.3.5.1(viii) of SEBI (DIP) Guidelines, 2000, 20% of the post scheme paid up capital held by the promoters, are subject to lock in for a period of three years i.e. upto April 30, 2011.

9. There has been no further issue of capital whether by way of issue of bonus shares, Preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court viz., December 20, 2007. Also there will be no further issue of capital whether by way of issue of bonus shares, Preferential allotment, rights issue or in any other manner till listing of the Equity Shares allotted as per the Scheme except as provided under the Scheme.
10. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of listing the shares, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except as provided under the scheme.



- i. There shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
- ii. The Company has 4,307 members as on February 28, 2008.

#### **V. OBJECTS OF THE SCHEME OF DEMERGER, MERGER AND AMALGAMATION:**

The Scheme of Arrangement resulted in complete elimination of cross holdings among Rane Group Companies with the consolidation of group company investments held by erstwhile Rane Engine Valves Limited (Demerged Company 1) and erstwhile Rane Brake Linings Limited (Demerged Company 2) into Rane Holdings Limited (RHL).

The present restructuring scheme is aimed at elimination of residual cross holdings, for consolidation of Rane Group's investments through Rane Holdings Ltd. (RHL) with the following resultant benefits :

- (a) Enhancing the shareholders value by unlocking the hidden value through elimination of cross holdings.
- (b) Consolidation of group's results in RHL.
- (c) Minimizing the cascading effect of the dividend tax.

#### **A. The Main Features Of The Scheme**

The present restructuring scheme is aimed at elimination of residual cross holdings, for consolidation of Rane Group's investments through Rane Holdings Ltd. (RHL). The steps undertaken in this composite scheme of demerger, merger and amalgamation are :

- ✓ De-merger of the manufacturing undertaking of Demerged Company 1 into the company viz., Techcons Ltd. (renamed as Rane Engine Valve Limited through the scheme).
- ✓ De-merger of the manufacturing undertaking of Demerged Company 2 into a separate company –Rane Brake Products Ltd. (renamed as RBL through the scheme).
- ✓ Merger of the residual non-manufacturing businesses of Demerged Company 1 and Demerged Company 2, consisting of mainly investments in Rane Companies, into RHL.
- ✓ The “Appointed Date” is 1st April 2007.
- ✓ The present shareholders of Demerged Company 1 and Demerged Company 2 have been allotted shares in REVL and RBL at 1:1 ratio i.e. they will allotted one share in the resulting companies for every one share held in the respective demerged companies as on the record date viz., February 22, 2008.
- ✓ In addition, for the merger of the non-manufacturing businesses of the Demerged Company 1 and Demerged Company 2, RHL has allotted on February 28, 2008 shares in the following ratio :-
  - 56 shares in RHL for every 100 shares held in Demerged Company 1,
  - 75 shares in RHL for every 100 shares held in Demerged Company 2

**STATEMENT OF TAX BENEFITS :**

The following tax benefits shall be available to the Company and to the shareholders under the current Direct Tax Laws as certified by the statutory auditors M/s. Brahmaya & Co. vide their letter dated March 17, 2008:

**BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961 (“the IT Act”):****I. Benefits available to the Company**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1. Subject to fulfillment of conditions, the Company will be eligible, inter alia, for the following specified deductions in computing its business income:-

Subject to compliance with certain conditions laid down in Section 32 to the IT Act, the company will be entitled to deduction for depreciation:

- i. In respect of tangible assets and intangible assets in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1<sup>st</sup> day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962;
  - ii. In respect of new machinery or plant which has been acquired and installed after 31st March 2005 for manufacturing facilities a further sum of 20% of the actual cost of such machinery or plant as additional depreciation in the year in which the new plant and machinery is first put to use.
2. As per the provisions of section 35DDA of the IT Act, any expenditure incurred in any previous year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, 1/5<sup>th</sup> of the amount so paid shall be deducted in computing the profits and gains of the business for that previous year, and the balance shall be deducted in equal installments for each of the four immediately succeeding previous year.

**II. Benefits available to resident shareholders**

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O of the IT Act received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. (a) The long-term Capital Gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax, shall be exempt from tax as per provisions of section 10(38) of the IT Act.  
(b) The short-term Capital Gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax, tax will be chargeable @ 10% plus applicable surcharge and education cess as per provisions of section 111A of the IT Act. It is proposed by the Finance Bill, 2008 the above rate of 10% will be increased to 15% effective from April 1, 2008.  
(c) As per the provisions of section 74 of the IT Act, any short-term capital losses suffered by the members of the Company on transfer of shares can be set off against the short term/long term capital gain earned in that year or can be carried forward for eight assessment years from the

year in which the loss was incurred, subject to the fulfillment of conditions specified in those sections.

- (d) As per the provisions of Section 112 of the IT Act, long term gains accruing to the members of the Company from the transfer of shares of the Company, otherwise than as mentioned in point 2(a) above, shall be charged to tax - @ 20% (plus applicable surcharge and education cess) after deducting from the sale proceeds the indexed cost of acquisition or – 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation.
  - (e) The members are entitled to claim exemption in respect of tax on long term capital gains under section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds / securities subject to the fulfillment of the conditions specified in those sections.
  - (f) Individuals or HUF members can avail exemption under section 54F of the IT Act by utilization of the sales consideration for purchase / construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.
3. Section 88E of the IT Act provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognised stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. It is proposed in the Finance Bill, 2008, the above scheme of tax rebate will be replaced by the scheme of deduction as business expenditure under section 36(xv) of the IT Act against income under the head Profits and Gains of Business arising on the business of purchase and sale of securities.

### III. Benefits available to Non-Resident shareholders

- 1. Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act.
- 2. Under the provisions of section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the non- resident are more beneficial, then the provisions of the DTAA shall be applicable.
  - a. Non Resident Indians (as defined in section 115C (e) of the IT Act), being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange. As per the provisions of section 115 E of the IT Act, and subject to the conditions specified therein, long-term capital gains arising on the transfer of Company’s shares will be charged to income Tax @ 10% (plus applicable surcharge and education cess). However, long-term Capital Gains accruing to the members of the Company on sale of the Company’s shares in a transaction entered into in a recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax, shall be exempt from tax as per provisions of section 10(38) of the IT Act.
- 3. (a) As per the provisions of Section 115G of the IT Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is eligible investment income or long term capital gains, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- (b) Under Section 115H of the IT Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with



his return of income for that year under Section 139 of the IT Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until transfer or conversion of such assets into money.

- (c) As per the provisions of Section 115-I of the IT Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.
- (d) As per the provisions of section 115F of the IT Act and subject to the fulfillment of the conditions specified therein, the Long Term Capital Gains arising on the transfer of Company's shares shall be exempted from income tax entirely / proportionately if all or a portion of the net consideration is invested within 6 months of the date of transfer in specified asset as defined in section 115C (f) or any savings certificates referred to in section 10(4B) of the IT Act. The amount so exempted shall, however, be chargeable to tax as long term capital gains under the provisions of section 115F (2) if the specified assets are transferred or converted in to money within 3 years from the date of acquisition as specified in the said section.

#### **IV. Benefits available under the Wealth-tax Act, 1957**

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the company.

#### **V. Benefits available under The Gift Tax Act, 1958**

GIFT TAX IS NOT LEVIABLE IN RESPECT OF ANY GIFTS MADE ON OR AFTER 1 OCTOBER, 1998. THEREFORE, ANY GIFT OF SHARES OF THE COMPANY WILL NOT ATTRACT GIFT TAX.

#### Notes:

1. Tax benefits available to the company and to the shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Shareholders are advised to consider in their own cases, the tax implications of any new enactments which may change / modify the law.
2. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her tax advisor with respect to specific tax consequences.
3. All the above benefits will be available only to the first named holder in case of the shares held by joint holders.

**SECTION IV- ABOUT THE COMPANY****DETAILS OF THE BUSINESS OF THE ISSUER COMPANY :**

The company is engaged in the business of manufacturing and marketing of Valves, Valve Guides and Valve Tappets for IC engines and related auto components.

**Products of the Company are :**

- Valves
- Guides
- Tappets

**Infrastructure facilities for raw materials and utilities like water, electricity, etc.**

The raw material used for manufacture of Valves is Valve Steel Bars. Some grades are manufactured in India and the rest is imported mainly from Japan. There is no shortage of raw material availability both in the domestic and the import front.

Connected load is being provided by respective State Electricity Boards. Apart from this the company also has 100% back up Genset facilities in order to take care of any power failure. REVL currently has the following manufacturing facilities

<b>PLANT LOCATIONS</b>	<b>Products</b>
1. "Glendale", 5, Noble Street, Post Box No.1305, Alandur, Chennai – 600 016	Valves
2. Plot Nos. 68 to 77, Industrial Estate, Medchal – 501 401, RR District, AP	Valves
3. Post Box No.4, Redhills Road, Madhavaram, Ponneri – 601 204	Guides & Tappets
4. Survey No. 177/20, Hyderabad – Vikarabad Road, Aziz Nagar – 500 075, RR District AP	Valves
5. Survey No. 110-111, Seniapatti, Kasavanur Village, Iluppur Taluk, Pudukottai District 621 316, Tamilnadu	Valves

**Employee Strength**

<b>Category</b>	<b>Number</b>
Managerial & Supervisory	349
Workers	1086

**Intellectual Property Rights**

- The Trade Mark "EVL" in the stylized form
- REVL does not own any patents.

is owned by REVL.

**Manufacturing process of :**

**Valves :**

The inlet valve is used to allow the income charge into the engine during the suction stroke. Exhaust valve used to allow the exhaust gases out of the engine during exhaust stroke. Both the valves close the combustion chamber during the rest of the cycles.

The valve movement is constrained by a valve guide. The seat inserts provide the seating surface for the valves to seal the combustion chamber. The opening and closing of the valves are controlled according to the valve timing by the camshaft, which gets drive from the crankshaft.

The valve train components and the mechanical load for the inlet and exhaust valves remains similar whereas the operating environment of both the valves differ which make the design considerations different for inlet and exhaust valves. The inlet valve is always cooled by the incoming charge in the inlet port so it operates at a lesser temperature. The exhaust valve is always surrounded by the hot gases and hence operates at a high temperature. The design department considers the above functional requirements during the design of valves.

The valves are manufactured through forging, Heat treatment and machining route. High precision dimensions like stem diameter, Seat height and seat Runout are maintained through the grinding process.

**Plant & Machinery**

The following are the major plant & machinery used in the manufacture of the products:-

- WMW Centreless Grinder
- Upsetters
- Friction Welder
- Lindburg Furnace
- Celoria Automatic Lathe
- Automatic Centreless Grinder
- PTA Deposit Machine

**Nature of the products – consumer/ industrial and end users**

Sector	% to 2006-07	Users
OEMs	56.00	Industrial consumers like Maruti Udyog Ltd., Tata Motors, Hero Honda, Hyundai
Replacement	11.00	Engine builders and Re borers
Export	33.00	Industrial consumers, Engine builders and Reborers

**Competition**

Manufacturers	Installed capacity (Nos.'000)	Sales (Nos.'000)
REVL*	35,020	31,196
Shriram Piston & Rings Limited*	14,840	15,260
KML*	8,000	7,901

Source: \* Published Annual Report of the Company for the year 2006-07

**Approach to marketing and proposed marketing set up**

Sector	Market approach	Market set up
OEM	Direct	Full fledged team looking into each customer requirement and headed by Manager Marketing (OEMs)*
Replacement	Through Representatives/Stockist/Reborrowers	Sales representatives in all states to generate orders. Apart from these representatives there are 4 Zonal Heads who, in turn, report to Senior Manager Marketing (Replacement)*
Export - OEMs	Direct Commission agent	Through authorized agents / representatives present all over the world who, in turn, report to Senior Manager Marketing (Exports)*
Export- Replacement.	Through Commission Agent/Stockist/Reborers	

\* All these Managers, in turn, report to General Manager (Marketing)

**Export possibilities and export obligations, if any**

REVL has been exporting Valves to developed countries for well over four decades. With this, along with the current recognition of Indian Engineering goods in the international market, REVL expects to have a good export potential in the years to come.

Export obligations, if any, shall be limited to those arising on account of import of raw materials for such exports and import of capital goods under EPCG Scheme.

**Business strategy**

a. Business strategy.

The company’s strategy for growth is through increase of volumes to OEMs both domestic and exports.

b. Future prospects

The company has been exporting Valves to developed countries from 1963 and as mentioned above, REVL expects to have a good export potential in the years to come. The company has been servicing domestic OEM’s for decades and is expected to continue in the years to come.

c. Capacity & Capacity Utilisation:

**Valves**

Qty in ‘000s

Past three years	Installed Capacity	Production	% Capacity utilization
Proposed FY 2007-08	39,450	30,980	78.53%
FY 2006-07	35,020	31,364	89.56%
FY 2005-06	32,000	27,937	87.30%
FY 2004-05	28,000	26,048	93.03%

**Guides**

Qty in ‘000s

Past three years	Installed Capacity	Production	% Capacity utilization
Proposed FY 2007-08	8,120	7,972	98.18%
FY 2006-07	6,920	5,718	82.63%
FY 2005-06	5,750	4,958	86.23%
FY 2004-05	5,750	4,544	79.03%

**Tappets**

Qty in '000s

Past three years	Installed Capacity	Production	% capacity utilization
Proposed FY 2007-08	2,270	2,200	96.92%
FY 2006-07	1,910	1,547	80.99%
FY 2005-06	1,600	1,188	74.25%
FY 2004-05	1,600	1,034	64.63%

**HISTORY AND CORPORATE STRUCTURE OF THE REVL****HISTORY OF THE COMPANY**

The Company having its registered office at "Maithri", 132, Cathedral Road, Chennai – 600 086, Telephone 044 28112472, Fax: 044 28112449 was incorporated on 09.03.1972 as a public limited company as "Techcons Limited". The main object of the company was to carry on the business of consultancy services within the Rane Group.

The shareholders of the company had earlier approved the transfer of the entire undertaking with effect from April 1, 2006 on a going concern basis to Rane Holdings Limited, at their extra-ordinary general meeting held on March 31, 2006. The transfer was consequent to the restructuring exercise undertaken by the Rane Group at its first phase during the year 2004-05.

The company during September 2007 amended its Objects and Capital clauses in its Memorandum of Association to facilitate carrying on of manufacturing of inlet and exhaust valves, valve guides and valve tappets for I.C. engines.

Pursuant to the Order of the High Court, on December 20, 2007 the company took over the manufacturing undertaking of REVL with effect from April 1, 2007 (appointed date). The principal business of the company is manufacture of inlet and exhaust valves, valve guides and valve tappets for I.C. engines.

In terms of the Scheme of demerger, merger and amalgamation, the name of the company was changed from "Techcons Limited" to "Rane Engine Valve Limited" with effect from February 6, 2008 .

**a. Main Objects of the Company**

The main objects of the company as set out in the Memorandum of Association are as follows:

- a. To establish and carry on business as manufacturers of automotive ancillary products, tools, machine tools and machine tool ancillaries.
- b. To carry on all kinds of engineering work, including electrical, mechanical, structural and general engineering, to act as structural and general fabricators and metal workers and metal finishers.
- c. To undertake all kinds of metal finishing such as grinding, machining, welding, riveting, forging, bolting, soldering, brazing, metal powdering, metal spraying, electroforming, electroplating, hot and electro-galvanising, oxidising, anodising, lacquering finishing and polishing, enamelling, thermoplastic coating, metallizing, and engraving.
- d. To establish and work heat treatment shops, smithy and press shops, forging shops, tool rooms, drop stamping works, to manufacture and deal in transmission line materials and structural materials.
- e. To act as consultants and advisers for all kinds engineering work carried on by the Company.



- f. To carry on business as tool makers, mill wrights, machinists, to manufacture deal in and assemble various kinds of tools, small tools, machine tools, machine tools accessories and spare parts, implement dies, patterns, jigs fixtures, designs, moulds and punches.
- g. To carry on the business of manufacturers of and dealers in engine valves, all automobile components, machinery spares (partly or fully finished) for all types of engines, whether stationary, automobile, marine, aircraft, locomotives or others, spare parts for all types of machines, automobiles including tools and accessories for all types of moveable or stationary engines of machines, accessories and fittings for motor vehicles, railways, aeroplanes, hydroplanes, ships, motor cycles, scooters, bicycles and carriages and all articles and things used in or capable of being used in connection with the manufacture, maintenance and working of any of the foregoing.

**Changes to Memorandum of the company:**

Date	Particulars
31.01.1995	Amendment to Objects Clause to enable the company to carry on the business of training and development in technical, managerial, marketing, engineering, quality and such other fields.
24.09.2007	Amendment to Objects Clause to enable the company to carry on the business of manufacturing and marketing of engine valves, guides and tappets.

**Information on Collaborators including providing marketing assistance**

REVL has obtained process and product technology for the products detailed below from different collaborators.

**1. TRW Automotive U.S.LLC, USA**

- Product – Valves
- place of registration - State of Delaware, USA
- general information regarding such persons relevant to the issuer - Technical Collaborator

**2. Bosch Automotive Systems Corporation, Japan**

- Product – Actuators for clutches
- place of registration - Tokyo, Japan
- general information regarding such persons relevant to the issuer - Technical Collaborator

The technology has been fully absorbed.

**Milestones / Major Events**

Certain key events in the history of manufacturing undertaking of erstwhile rane engine valves limited now forms part of the milestones of revl. They are as follows:-

1. One of the leading manufacturers of valve train components in India.
2. Has multi locational plants.
3. First indigenous supplier of valves to Maruti Udyog Ltd.
4. The current product range also includes other valve train components – Guides and Tappets.
5. Applications span from portable generator to large engines for power generation and marine use.



6. REVL is one of the earliest exporters of auto components from India. Importing countries include Australia, UK, Germany, Italy, Iran, USA, Middle East and the Far East. REVL's Overseas OE customers include reputed engine and tractor manufacturers.
7. Winner of National Award for quality instituted by Automotive Components Manufacturers Association of India ( ACMA) for the year 1992-93.
8. Winner of the "Best Vendor Award" in the machined components category from India's leading car manufacturer –Maruti Suzuki for four years 1992-93, 1995-96, 1996-97 and 1998-99.
9. Winner of ACMA Certificate of Merit for Excellence in Exports for 1997-98.
10. Consistent Excellent / Outstanding Vendor Rating by major customers in India and abroad.
11. "Ship to Use" status granted by many OEMs.
12. Certified "Star Export House" status by Government of India in recognition of Excellence in Exports.
13. A QS 9000 certified company.
14. ISO 14001 certification obtained in November 2001.
15. TS16949 certification obtained in July 2004
16. Deming Prize for Total Quality Management, from Union of Japanese Scientists and Engineers won during November 2005.

b. The issuer company does not have any subsidiary.

**OUR MANAGEMENT**

Board of Directors and Management

The composition of the Board is given below:

Promoter Group:

- Mr. L Ganesh, Chairman & Managing Director
- Mr. L Lakshman (non-executive director)

Independent & non- executive directors:

- Mr. Ashok Kumar Malhotra
- Mr. C Prabhakar
- Mr. Subodh Kumar Bhargava
- Mr. R Jagannath

a. The following table sets forth details regarding the Board of Directors of the Company.

S.No.	Name & Address	Directors Profile
1	<b>Mr.L Ganesh Chairman &amp; Managing Director</b> S/o. Mr.L L Narayan Door No. 5A, Valliammai Achi Road, Kotturpuram <b>Chennai 600 085</b>	Mr. L Ganesh, aged 53 years, graduated from the Madras University and is an Associate Member of Institute of Chartered Accountants of India. He obtained a Masters Degree in Business Administration from the Pennsylvania State University (USA) Joined as Management Trainee in erstwhile REVL in 1978, he held various key positions like Commercial Manager, General Manager, Joint Managing Director and in 1990 he become Managing Director of erstwhile REVL. He is also closely involved in

S.No.	Name & Address	Directors Profile
		management of other companies in Rane Group and has 29 years of industrial experience. Mr. L Ganesh has become the Chairman of the entire Rane Group during the month of October 2007.
2	<b>Mr.L Lakshman</b> <b>Non-Executive Director</b> S/o. Mr.L L Narayan 17 Crescent Street Off Arch Bishop Mathias Avenue <b>Chennai 600 028.</b>	Mr. L Lakshman, aged 61 years, graduated as a Mechanical Engineer and has done Executive MBA from London Business School. Mr. L Lakshman joined as a Management Trainee in erstwhile RBL in 1970 and held various operational and planning positions in the group. From 1992 as Chairman of Rane Group Mr. Lakshman has been spearheading the business of the different companies in Rane group and has more than 38 years of. industrial experience.
3	<b>Mr. Ashok Kumar Malhotra</b> S/o. Mr.K C Kaifi Flat C-2, Regency Splendour, 25, Hall Road, Richards Town, Bangalore – 560 005 <b>Chennai 600 028.</b>	Mr. Ashok Malhotra, aged 58 years, is a B.A and holds a Post Graduate Diploma in Business Administration from IIM. He has a rich experience of 34 years and currently he is working as a consultant in the area of Human Resource Management.
4	<b>Mr. C Prabhkar</b> S/o Mr. C R Rao “Apsara” (New No.2), Satyanarayana Avenue Chennai – 600 028	Mr. C Prabhakar, aged 72 years is a graduate of Bachelor of Engineering. Mr. C Prabhakar has a good exposure in the field of auto management companies.
5	<b>Mr. Subodh Kumar Bhargava</b> S/o. late Mr. D P Bhargava A-15/1, DLF Phase – I, Gurgaon – 122 001	Mr. Subodh Kumar Bhargava, aged 65 years is a graduate of Bachelor of Engineering. Mr. S K Bhargava is a Chairman of the Tata Communications Limited (formerly known as Videsh Sanchar Nigam Limited) and has a rich expertise of 42 years in the field of manufacturing companies.
6	<b>Dr. R Jagannath</b> <b>S/o.</b> New No. 151, St. Mary’s Road, Chennai – 600 018	Mr. R Jagannath, aged 64 years is a graduate of Bachelor of Engineering (Honors in Mechanical). Mr. R Jagannath was a Deputy Managing Director of Ashok Leyland Limited and has a rich experience of over 43 years in the automotive industries.

**b. Details of other directorships of the Board of Directors of the Company are as follows:**

S.No.	Name & Address	Other Directorship
1	<b>Mr. L Ganesh</b>	<ol style="list-style-type: none"> <li>1. Kar Mobiles Limited - Chairman</li> <li>2. Rane Brake Lining Limited - Chairman</li> <li>3. Rane TRW Steering Systems Limited – Chairman</li> <li>4. Rane NSK Steering Systems Limited – Chairman</li> <li>5. Rane Holdings Limited – Vice Chairman</li> <li>6. Rane Investments Limited</li> <li>7. Rane (Madras) Limited</li> <li>8. Rane Diecast Limited</li> <li>9. JMA Rane Marketing Limited</li> <li>10. EIH Associated Hotels Limited</li> <li>11. EIH Limited</li> </ol>



S.No.	Name & Address	Other Directorship
2	Mr.L Lakshman	<ol style="list-style-type: none"> <li>1. Rane Holdings Limited – Chairman &amp; Managing Director</li> <li>2. Rane Brake Lining Limited</li> <li>3. Rane TRW Steering Systems Limited</li> <li>4. Rane NSK Steering Systems Limited</li> <li>5. Rane Investments Limited - Chairman</li> <li>6. Rane (Madras) Limited</li> <li>7. JMA Rane Marketing Limited</li> <li>8. Kar Mobiles Limited</li> <li>9. Pricol Limited</li> <li>10. Force Motors Limited</li> </ol>
3	Mr. Ashok Kumar Malhotra	<ol style="list-style-type: none"> <li>1. Cognan Consulting Pvt. Ltd.</li> <li>2. VI e Trans Pvt. Ltd.</li> <li>3. Sumedhas Academy for Human Context – (Section 25 company)</li> </ol>
4	Mr. C Prabhakar	Nil
5	Mr. Subodh Kumar Bhargava	<ol style="list-style-type: none"> <li>1. Wartsila India Limited – Chairman</li> <li>2. Tata Communications Limited - Chairman</li> <li>3. Tata Steel Limited</li> <li>4. Samtel Color Limited</li> <li>5. TRF Limited</li> <li>6. Carborandum Universal Limited</li> <li>7. Glaxo Smithkline Consumer Healthcare Limited</li> <li>8. Batliboi Limited</li> <li>9. SRF Limited</li> <li>10. Power Finance Corporation Limited</li> <li>11. VSNL Singapore PTE. Ltd. - Chairman</li> <li>12. Larsen and Toubro Limited</li> </ol>
6	Mr. R Jagannath	Accuspeed Engineering Limited

**c. Compensation of Managing Director :**

Pursuant to the Scheme, the service rendered by the Managing Director of the Demerged Company 1 has been transferred to the company. The terms of remuneration are as approved by the shareholders of the Demerged Company 1.

The elements of remuneration payable to Managing Director include basic salary, allowances, perquisites and retirement benefit (all fixed) and commission not exceeding 24 months salary subject to limits as prescribed under the Companies Act, 1956. No sitting fess would be paid to Managing Director. The employment of the Managing Director is contractual. There is no severance fee payable to him. There is no Stock Option Scheme prevailing in the company.

**d. Compliance with Corporate Governance Norms :**

The provisions of the Listing agreement will become applicable to the company upon listing of its equity shares in MSE, NSE and BSE.

The company is compliant with the provisions of Clause 49 of the listing agreement. The Board of Directors of the company at their meeting held on February 6, 2008 constituted the Audit Committee and Investors Service Committee.

The cornerstone of the philosophy of Governance adopted by the Board has at all times been based on integrity, transparency and fairness in all its dealings. The company will continue to seek enhancement to shareholder value within the framework of business ethics, regulatory compliances and contribution to society. The Rane Group has a clearly defined policy document titled “Ethical Standards of Behaviour” that defines obligations of each of its employees to the company expectations of value driven behaviour.

The constitution of the various committees is given below:

**A) Audit Committee:**

- |                    |   |                                 |
|--------------------|---|---------------------------------|
| 1. Mr S K Bhargava | - | Chairman (Independent Director) |
| 2. Mr. C Prabhakar | - | Member (Independent Director)   |
| 3. Mr. R Jagannath | - | Member (Independent Director)   |
| 4. Mr.L Lakshman   | - | Member (Non Executive Director) |

Mr K Sankaranarayanan, Secretary would act as the Secretary of the Audit Committee.

**B) Investor Services Committee:**

- |                  |   |                                   |
|------------------|---|-----------------------------------|
| 1. Mr L Lakshman | - | Chairman (Non Executive Director) |
| 2. Mr L Ganesh   | - | Member(Executive Director)        |
| 3. C Prabhakar   | - | Member (Non-Executive Director)   |

Mr K Sankaranarayanan, Secretary would act as the Compliance officer of the company.

The role, powers and functions of the Audit Committee and Investor Services Committee are as per Clause 49 of the listing agreement, the applicable provisions of the Companies Act, 1956 and Code of Conduct formulated by the Board of Directors of the company.

**e. Shareholding of directors**

None of the directors other than the following hold any shares in the company

Name of the director	Shares held	%
L Lakshman	50	0.00
L Ganesh	50	0.00
C Prabhakar	19,634	0.38

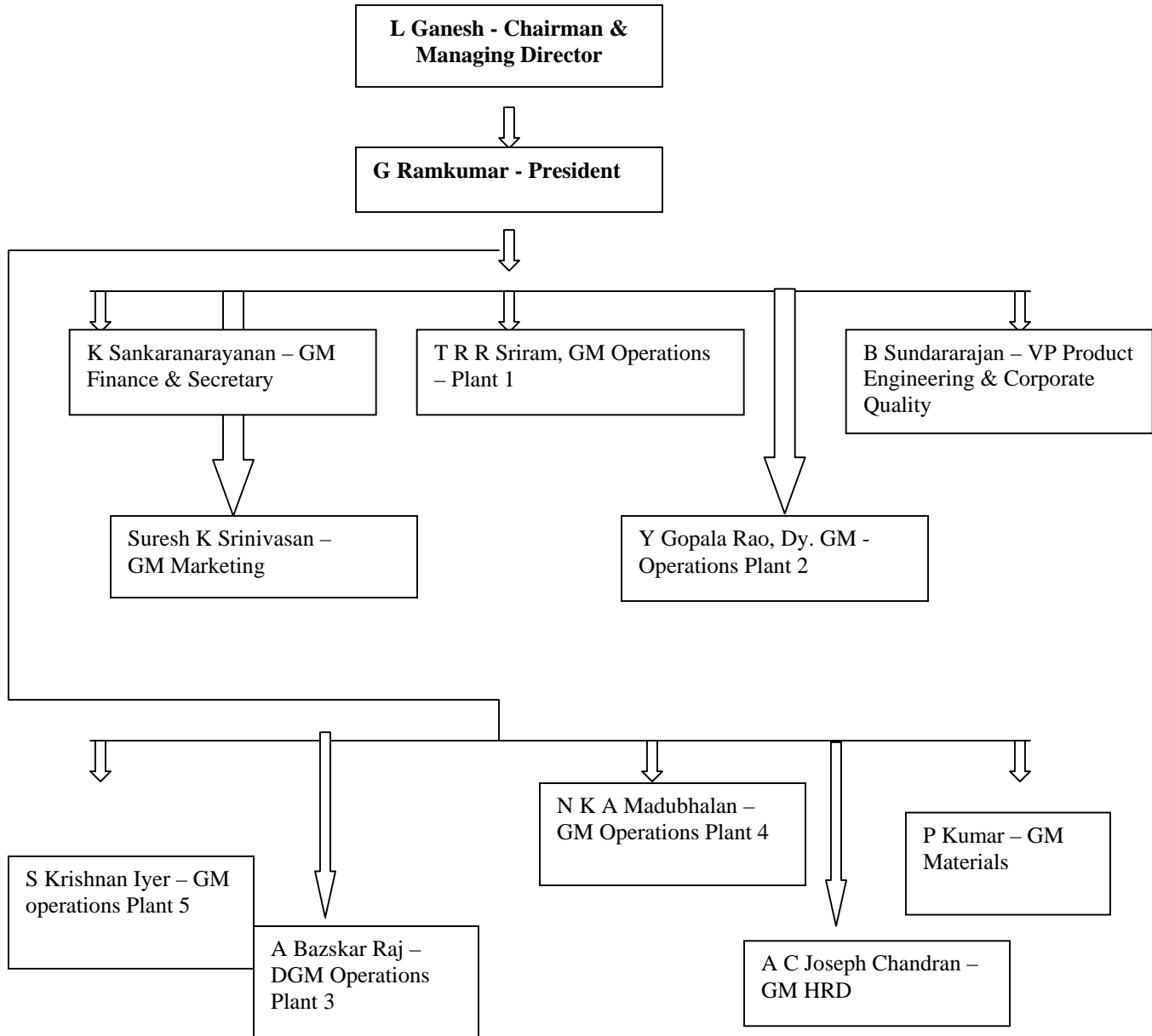
**f. Interest of the Directors**

Other than their respective shareholding in the Company and re-imburement of expenses incurred and normal remuneration/sitting fee from the Company as stated above, the directors of the Company have no other interest in the Company.

**g. Changes in the Board during the last three years**

Name of the Director	Date of Appointment	Date of Change	Reasons
S K Bhargava	06.02.2008		Appointed as additional director
Ashok Kumar Malhotra	06.02.2008		Appointed as additional director
R Jagannath	06.02.2008		Appointed as additional director
C Prabhakar	06.02.2008		Appointed as additional director
A P Ramakrishnan		06.02.2008	Ceased to be a director due to personal reasons

**h. Management Organisation Structure**



**i. Key Managerial Personnel and Managerial Competence**

The overall management is vested in the Board of Directors, comprised of qualified and experienced persons. The day-to-day affairs of the Company are looked after by a team of qualified professionals in various disciplines.

As per the Scheme, all the employees of the Demerged Company 1 who were in its employment on the effective date of the scheme viz., February 6, 2008 shall as from such date, become the employees of the Company on the basis that their services have not been interrupted by the vesting of the undertaking of the Demerged Company 1.

Accordingly details of Key Managerial Personnel being transferred from the transferor company are as follows

**Mr. Ram Kumar G (DOJ 01.01.2008)**

Mr. Ram Kumar G, 56 years, President, holds a degree in Masters of Business Administration and Bachelor of Engineering. He has industrial experience spanning 30 years and has been associated with the Rane Group for the past 11 years. He has earlier worked with companies like Ashok Leyland Limited, Bharat Heavy Electricals Limited.

**Mr. Sundara Rajan B (DOJ 07.02.2002)**

Mr. Sundara Rajan B, 50 years, Vice President – Product Engineering & Corp. Quality, holds a degree in Masters of Business Administration, Masters of Technology and Bachelor of Technology. He has industrial experience spanning 26 years and has been associated with the Rane Group for the past 6 years. He has earlier worked with companies like Carborandum Universal.

**Mr.K Sankaranarayanan (DOJ 14.12.2006)**

Mr K Sankaranarayanan, 41 years, General Manager – Finance & Secretary, is a Chartered Accountant, Company Secretary and a Cost & Works Accountant. He has over 19 years of professional experience. He has earlier worked in various capacities with Tube Investments of India Limited, Thiru Arooran Sugars Limited, Fenner India Limited etc.

**Mr. Suresh K Srinivasan (DOJ 03.04.2006)**

Mr. Suresh K Srinivasan, 46 years, General Manager (Marketing) is an MBA. He has industrial experience of more than 20 years. He has worked in various companies like Nuclear Power Corporation Limited, Tube Investments of India Limited.

**Mr. P. Kumar (DOJ 06.07.2007)**

Mr. P Kumar, 41 years, General Manager (Materials) is an MBA, MSc and BE. He has industrial experience of more than 22 years. He has worked in various companies like Q-Flex Cables Limited, Royal Enfield etc.

**Mr. Joseph Chandran (DOJ 22.05.1998)**

Mr. Joseph Chandran, 59 years, General Manager – Human Resources, is a postgraduate in Personnel Management and Industrial relation. He has rich experience of 29 years in Human Resource and Industrial Relation in reputed organization like Flakt India Ltd., L&T Mechnell Ltd. and Hindustan Photo Film Manufacturing Co. Ltd.

**Mr. T R R Sriram (D.O.J 03.04.2006)**

Mr. T R R Sriram, 43 years, General Manager (Operations) is a postgraduate in Engineering Management. He has a total of 22 years experience. He has earlier worked in companies like I P Rings Limited, Reliance Energy and General Reflectors P Limited.

**Mr. Y Gopala Rao (D.O.J 29.09.2006)**

Mr. Y Gopala Rao, 37 years, Deputy General Manager (Operations) is a graduate in Bachelor of Technology. He has a total of 15 years experience and has earlier worked in companies like Kusalava International Limited.

**Mr. Bazskar Raj (D.O.J 14.02.2005)**

Mr. Bazskar Raj, 47 years, Deputy General Manager (Operations) is an MBA and has graduated in Bachelor of Engineering. He has earlier worked in companies like Wheels India Limited, TAFE etc and has a rich experience of over 25 years.

**Mr. Madhubalan NKA (DOJ 28.10.1995)**

Mr. Madhubalan NKA, 44 years, General Manager (Operations) is an Associate Member of Institute of Engineers. He has a rich experience of more than 25 years. He has worked in varied industries and companies like Sundram Fasteners Limited, Shriram Fuel Injection India etc.

**Mr. S Krishnan Iyer (DOJ16.12.2002)**

Mr. S Krishnan Iyer, 39 years, General Manager (Materials) is a Bachelor of Engineering in Industrial Engineering with a Diploma in Materials Management. He has a total experience of 18 years. He has earlier worked in companies like Eicher Tractors, Shriram Honda and Bhartia Cutler Hammer Ltd.

**Shareholding of the Key Managerial Personnel**

The Key Managerial Personnel do not hold any shares in REVL.

**Bonus or Profit sharing plan for the Key Managerial Personnel**

There is no bonus or profit sharing plan for the key managerial personnel.

**j. Interest of Promoters, Directors and Key Managerial Personnel**

Except as stated in "Related Party Transactions" and to the extent of shareholding in the Company, the Promoters do not have any other interest in our business.

Except to the extent of their compensation and their shareholding or shareholding of companies they represent, the Directors, other than Promoter Directors, do not have any other interest in the Company.

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the equity shares held by them in the Company, if any.

**k. Details of borrowing powers**

Subject to the provisions of the Act, the Board of Directors of the company exercise their borrowing powers in accordance with the Articles of Association of the company.

Pursuant to the resolution passed by the shareholders at their extra ordinary general meeting held on January 17, 2008, the Board has been authorized to borrow a sum not exceeding Rs.1,000 Million (apart from money borrowed as term loans and in the ordinary course of business) upon such terms and conditions as the Board may deem fit.

**OUR PROMOTER**

The details of the promoters of the company are as follows :

S. No	Name	Address	Qualifications	Occupation/ Experience
1	Rane Holdings Limited	“Maithri”, 132, Cathedral Road, Chennai – 600 086	-	Making and Holding investments in other group companies
2	Rane Investments Limited	“Maithri”, 132, Cathedral Road, Chennai – 600 086	-	Making and Holding investments in other group companies
3	L Lakshman	No.17, Crescent Street, Off Arch Bishop Mathias Avenue, Abhiramapuram, Chennai – 600 028	B.E, Executive MBA from London Business School	Company Director with over 35 years of experience
4	L Ganesh	Door No. 5A, Valliammai Achi Road, Kotturpuram, Chennai – 600 085	CA, MBA from Pennsylvania State University (USA)	Company Director with over 30 years of experience
5	Harish Lakshman	G-B, #11, Prithvi Avenue, II Street, Teynampet, Chennai – 600018	BE, MSM from Purdue University	Company Director, 8 years of experience
6	Pushpa Lakshman	No.17, Crescent Street, Off Arch Bishop Mathias Avenue, Abhiramapuram, Chennai – 600 028	M.A., Ph.D	Housewife
7	Meenakshi Ganesh	Door No. 5A, Valliammai Achi Road, Kotturpuram, Chennai – 600 085	M.A	Housewife
8	Vinay Lakshman	No.17, Crescent Street, Off Arch Bishop Mathias Avenue, Abhiramapuram, Chennai – 600 028	CA and has a degree in management	Company Executive
9	Aditya Ganesh	Door No. 5A, Valliammai Achi Road, Kotturpuram, Chennai – 600 085	Graduate	Student
10	Aparna Ganesh	Door No. 5A, Valliammai Achi Road, Kotturpuram, Chennai – 600 085	B.Com, M.B.A	Student
11	Vanaja Aghoram	802, Ideal Home Township Kenchanahalli Bangalore 560 039 Phone No.: +91 44 28112472	Graduate	Housewife
12	Sumant Narayan	132, Cathedral Road, Chennai – 600 086	MS, MBA	Marketing Executive
13	Suchitra Narayan	132, Cathedral Road, Chennai – 600 086	BE, MBA	Executive
14	Chitra Sundaresan	132, Cathedral Road, Chennai – 600 086	Graduate	Housewife

**1. RANE HOLDINGS LIMITED**

Rane Holdings Limited was incorporated on March 03,1936 as Rane (Madras) Limited and has its registered office at “Maithri”, 132, Cathedral Road, Chennai 600086.

RHL was originally engaged in the manufacture and sale of automobile components. In addition the company was holding investments in various Rane Group Companies. The manufacturing business of the company was split and demerged into a new company under a scheme of arrangement approved by the High Court of Madras with effect from 1<sup>st</sup> July 2004. The surviving company, which retained the investments in the group companies, was renamed as Rane Holdings Limited.

RHL is a listed entity with equity stakes held directly or indirectly in the various Rane group companies and its directors are Mr. L Lakshman, Mr. L Ganesh, Mr. Harish Lakshman, Mr. V Narayanan, Mr. Krishnan S Waran, Mr. P N Vencatesan, and Mr Shujaat Khan

The authorized share capital of the company is divided into 15,000,000 equity shares of Rs.10/- each and 5,000,000 13.5% Cumulative Redeemable Preference Shares of Rs.10/- each.

## Financial Information

(Rs.'000)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Income	322,588	110,120	660,185
Profit after Tax	168,733	87,181	71,263
Paid up Equity Capital	97,813	81,313	81,313
Reserves (excluding revaluation reserves)	978,130	609,376	567,741
Earnings Per Share(EPS)	20.19	10.25	10.50
Net Asset Value (Per Share)	110.00	84.94	79.82

## Listing

RHL shares are listed in NSE, BSE and MSE. The monthly high & low closing price of RHL shares during the preceding six months is given below:

Month	High (Rs.)	Low (Rs.)
September 07	174.00	150.00
October 07	174.00	152.90
November 07	179.85	160.10
December 07	232.80	168.25
January 08	209.90	144.00
February 08	176.80	131.10

Shareholding Pattern of the company after the allotment under the Scheme is as below :

Category	No.of Shares Held	% of shareholding
Promoters	6,072,330	42.53
Public	8,205,479	57.47
<b>Total</b>	<b>14,277,809</b>	<b>100.00</b>

The company has not made any public or rights issue in the preceding three years. However, the Company has made a preferential allotment of shares to its promoters in February 2007.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) act, 1995 nor is under winding up.

**2. RANE INVESTMENTS LIMITED**

Rane Investments Limited, a wholly owned subsidiary of RHL, was incorporated as Glendale Investments Limited on December 15,1982. The name of the company was subsequently changed to RIL on May 20, 2002.

The company's principal business is directed towards investments in the Group companies. RIL holds 50% in Joint Venture company Rane TRW Steering Systems Limited and along with Rane Holdings Limited in Rane NSK Steering Systems Limited promoted by the Rane group.

The authorized share capital of the company is divided into 1,00,000 equity shares of Rs.10 each. The shares of the company are not listed on any stock exchange.

The Board of Directors of RIL comprises of Mr. L Lakshman, Mr L Ganesh, Mr. Harish Lakshman, Mr. Krishnan S Waran and Mr R Srinivasan.

**Financial Information**

(Rs.'000)

<b>Particulars</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>	<b>March 31, 2005</b>
Income	245,235	134,380	124,755
Profit after Tax	237,557	119,355	112,149
Paid up Equity Capital	8,450	8,450	8,450
Reserves (excluding revaluation reserves)	327,351	272,861	219,767
Earnings Per Share(EPS)	281.13	141.25	132.72
Net Asset Value (Per Share)	397.40	332.91	260.08

**Shareholding Pattern of the company**

<b>Category</b>	<b>No.of Shares Held</b>	<b>% of shareholding</b>
Promoters	845,000	100%
Public	-	-

**CURRENCY OF PRESENTATION**

In this Information Memorandum all references to "Rupees" or "Rs." are to Indian Rupees, the legal currency of Republic of India, all references to "US \$" or "\$" or USD are to the legal currency of United States of America.

**DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, in their discretion, and will depend on a number of factors, including but not limited to the earnings, capital expenditure requirements and overall financial condition.



**SECTION V  
FINANCIAL STATEMENTS**

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**FINANCIAL STATEMENTS OF THE COMPANY****AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF RANE ENGINE VALVE LIMITED  
(formerly known as 'Techcons Limited')****REPORT OF THE AUDITOR'S**

The Board of Directors  
Rane Engine Valve Limited  
(formerly known as "Techcons Limited")  
132 Cathedral Road  
Chennai 600 086

Dear Sirs

**Auditor's Report to the Board of Directors of Techcons Limited on the financial statements for the nine months ended December 31, 2007**

1. We have audited the attached balance sheet of Techcons Limited as at 31<sup>st</sup> December 2007 and also the profit and loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards issued by the Institute of Chartered Accountants of India;
  - (v) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:



## INFORMATION MEMORANDUM



- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> December 2007;
- (b) in the case of the Profit and Loss Account, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

4. This report is intended solely for your information and for inclusion in the Information Memorandum to be filed with the Stock exchanges and is not to be used, referred to or distributed for any other purpose.

For **Brahmayya & Co.,**  
**Chartered Accountants**

**(P.S.Kumar)**  
Partner  
Membership No: 15590

Place: Chennai  
Date: March 17, 2008

PART A

Financial information of REVL

Statement of Assets and Liabilities

STATEMENT OF ASSETS AND LIABILITIES

Rs. ' 000s

	Description	31.12.07	31.03.07	31.03.06	31.03.05
A	Fixed Assets				
	Gross Block	1,582,850		1,333	1,308
	Less: Accumulated Depreciation	855,384		1,062	866
	Net Block	727,466	-	271	442
	Less: Impairment of Assets	1,600		-	-
	Capital Work-in-Progress	213,968		-	-
	Total	939,834	-	271	442
B	Investments	-		-	-
C	Deferred Tax Assets			537	643
D	Current Assets, Loans & Advances				
	Inventories	293,585		-	-
	Sundry Debtors	323,862		-	-
	Cash and Bank Balances	106,984	592	1,945	2,795
	Other Current Assets			66	66
	Loans and Advances	345,907		1,176	712
	Total	1,070,338	592	3,187	3,573
E	Liabilities and Provision				
	Loan Funds				
	Secured	718,145		87	278
	Unsecured	105,196		-	-
	Total	823,341	-	87	278
F	Deferred Tax Liability	55,333			
G	Current Liabilities and Provisions				
	Current Liabilities	326,793	10	1,310	1,868
	Provisions	-	4	2,035	-
	Total	326,793	14	3,345	1,868
H	Net Worth (A+B+C+D-(E+F+G))	804,705	578	563	2,512
I	Represented by:				
	Shareholder's Funds				
	1. Share Capital	51,510	510	510	510
	2. Reserves	756,941	68	53	2,002
	Less:				
	3. Miscellaneous Expenses	3,746			
	4. Balance in Profit and Loss Account				
	Net Worth (1+2-(3+4))	804,705	578	563	2,512

**STATEMENT OF PROFITS AND LOSSES**

Rs. ' 000s

Description	31.12.07	31.03.07	31.03.06	31.03.05
Income				
Sales				
Of Products Traded by the Company	28,104	-	-	-
Of Products Manufactured by the Company	1,540,137	-	-	-
Less: Excise duty recovered	154,386	-	-	-
Net Sales	1,413,855	-	-	-
Other Operating Income	12,231	-	-	-
Other Income	10,381	52	18,886	16,344
Increase / (Decrease) in Inventory	30,885	-	-	-
<b>Total Income</b>	<b>1,467,352</b>	<b>52</b>	<b>18,886</b>	<b>16,344</b>
Expenditure				
Raw Materials & Components Consumed	496,801	-	-	-
Staff Costs	323,219	-	-	-
Other Manufacturing Expenses	283,131	-	-	-
Administration Expenses	127,136	-	93	109
Selling & Distribution Expenses	106,994	-	-	-
Interest	29,609	19	25	48
Depreciation	77,783	-	269	292
Others	-	14	18,120	15,297
<b>Total Expenditure</b>	<b>1,444,673</b>	<b>33</b>	<b>18,507</b>	<b>15,746</b>
Net Profit before Tax & Exceptional items	22,679	19	379	598
Provisions for Taxations	9,527	4	294	257
Net after Tax & before Exceptional items	13,152	15	85	341
Extra Ordinary Item of Expenditure	-	-	-	-
Exceptional Items	-	-	-	-
Net Profits after tax & Exceptional items	13,152	15	85	341
Prior year adjustments	-	-	-	-
Surplus Brought Forward	59	44	2,003	1,662
Surplus Brought Forward (taken over as per Scheme)	48,211	-	-	-
Profit available for appropriation	61,422	59	2,088	2,003
Appropriations:				
General Reserve	-	-	9	-
Contingency Reserve	-	-	-	-
Divident on Equity Shares	-	-	1,785	-
Tax on above Dividend	-	-	250	-
Proposed Dividend	-	-	-	-
Tax on Proposed Dividend	-	-	-	-
<b>Balance carried to Balance Sheet</b>	<b>61,422</b>	<b>59</b>	<b>44</b>	<b>2,003</b>

**Statement of Cash Flow**

Rs. '000s

Description	31.12.07	31.03.07	31.03.06	31.03.05
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit Before Tax and Extraordinary Items	22,679	19	380	598
Adjustment for				
Depreciation	77,783	-	269	292
Foreign exchange loss / (gain) - Net	(13,746)	-	-	-
Interest Expenses	29,609	19	25	48
(Gain) / Loss on Sale of Fixed assets - Net	(38)	-	(4)	(10)
(Gain) / Loss on Sale of Investments	(1,170)	-	-	-
Provision for debts and bad debts written off	839	-	-	-
Deferred Revenue Expenditure - Net	2,790	-	-	-
Operating Profit before working capital changes	118,746	38	670	928
Changes in working capital (Increase) / Decrease	69,880	(1,199)	(540)	759
Cash generated from Operations	188,626	(1,161)	130	1,687
Income tax paid - net of refund	(22,579)	1,678	(669)	(257)
<b>Net Cash from Operating Activities ( A )</b>	<b>166,047</b>	<b>517</b>	<b>(539)</b>	<b>1,430</b>
<b>B Cash Flow from Investment Activities:</b>				
(Additions) / Deductions to Fixed Assets / Other Adjustments	(448,021)	271	(95)	(18)
Purchase of Investments	(37,440)			
Payment of voluntary retirement expenditure	(2,362)			
Proceeds from sale of Investments	38,610			
<b>Net Cash used in Investing Activities ( B )</b>	<b>(449,213)</b>	<b>271</b>	<b>(95)</b>	<b>(18)</b>
<b>C Cash Flow from Financing Activities:</b>				
Increase / (Decrease) in Share Capital / Borrowings	410,835	(87)	(191)	(168)
Interest Paid	(30,829)	(19)	(25)	(48)
Dividend Paid	(13,778)	(2,035)		
<b>Net Cash used in Financing Activities ( C )</b>	<b>366,228</b>	<b>(2,141)</b>	<b>(216)</b>	<b>(216)</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>83,062</b>	<b>(1,353)</b>	<b>(850)</b>	<b>1,196</b>
Cash and cash equivalents (Opening Balance)	23,922	1,945	2,795	1,599
Cash and cash equivalents (Closing Balance)	106,984	592	1,945	2,795

**TECHCONS LIMITED**  
**Schedule forming part of the Balance Sheet as at 31<sup>st</sup> December, 2007**

**SCHEDULE A**

<b>CAPITAL</b>	<b>31.12.2007</b>	31.03.2007
	<b>Rs. '000</b>	Rs. '000
<b>Authorised Equity Share Capital</b>		
90,000 (90,000) Equity Shares of RS.10 each	900	900
<b>Preference Share Capital</b>		
-10,000 (10,000) 9.3% Cumulative Redeemable Preference Shares of Rs.10 each (Note 14.1)	100	100
	<b>1,000</b>	<b>1,000</b>
<b>Issued, Subscribed, and Paid-up Equity Share Capital</b>		
- (51,000) Equity Shares of Rs. 10/- each fully paid-Up		510
	<b>-</b>	<b>510</b>

**SCHEDULE B**  
**RESERVES AND SURPLUS**

<b>Description</b>	<b>Balance as at 31 March 2007</b>	<b>Amount taken over consequent to Merger</b>	<b>Additions during the year</b>	<b>Deductions / adjustments during the year</b>	<b>Balance as at 31 December 2007</b>
<b>Capital Reserve</b>					
(Arising out of amalgamation during 1989-90- Reserves of amalgamating companies)					
(a) Capital Subsidy	-	387			387
(b) Investment Allowance (Utilised) Reserve		2,536			2,536
<b>Other Reserve</b>					
Capital Subsidy	-	2,281			2,281
Share Premium	-				
Capital Reserve	-	2,772	-		2,772
Export Incentive Reserve	-	1,908			1,908
General Reserve	9	691,846	-	6,220	685,635
Surplus in Profit and Loss Account	59	48,211	13,152		61,422
<b>TOTAL</b>	<b>68</b>	<b>749,941</b>	<b>13,152</b>	<b>6,220</b>	<b>756,941</b>
For the Year 2006-07	53		15	-	68



INFORMATION MEMORANDUM



**SCHEDULE C  
SECURED LOANS**

	<b>31.12.2007</b>	31.03.2007
	<b>Rs. '000</b>	Rs. '000
Term Loan from a Bank	486,832	-
Bank Cash Credit	231,313	-
	<b>718,145</b>	

**SCHEDULE D  
UNSECURED LOANS**

	<b>31.12.2007</b>	31.03.2007
	<b>Rs. '000</b>	Rs. '000
Fixed Deposits	42,458	-
Interest free sales tax loan from Government of Andhra Pradesh	62,738	-
	<b>105,196</b>	

**SCHEDULE E  
FIXED ASSETS**

Rs.'000

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 31 Mar 2007	Taken over on Merger	Additions/A djustments	Deductions / Adjustments	As at 31 Dec 2007	As at 31 Mar 2007	Taken over on Merger	For the Period	Deductions / Adjustments	As at 31 Dec 2007	As at 31 Dec 2007	
Land - Freehold	-	13,608	-	-	13,608	-	-	-	-	-	13,608	
Land - Leasehold	-	-	-	-	-	-	-	-	-	-	-	
Buildings	-	108,363	110	-	108,473	-	50,058	2,169	-	52,227	56,246	
Plant and Machinery	-	1,301,833	100,991	170	1,402,654	-	688,714	70,550	99	759,165	643,489	
Furniture and Fittings	-	34,047	1,236	734	34,549	-	26,662	2,136	423	28,375	6,174	
Office Equipment	-	12,638	14	291	12,361	-	11,048	450	276	11,222	1,139	
Vehicles	-	4,085	68	842	3,311	-	1,920	505	661	1,764	1,547	
A Total	-	1,474,574	102,419	2,037	1,574,956	-	778,402	75,810	1,459	852,753	722,203	
Licence	-	7,894	-	-	7,894	-	658	1,973	-	2,631	5,263	
B Total	-	7,894	-	-	7,894	-	658	1,973	-	2,631	5,263	
Grand Total (A + B)		1,482,468	102,419	2,037	1,582,850	-	779,060	77,783	1,459	855,384	727,466	

**SCHEDULE F**

**INVESTMENTS**

As at December 31, 2007 (Rs. '000)      As at March 31, 2007 (Rs. '000)

**Investments In Share**

**Non Trade - Long Term – Quoted**

Equity Shares of RS.10 each fully paid- up in Rane Holdings Ltd.	1,950,000	37,440
Add: Acquired during the year	1,950,000	37,400
Less: Sold during the year	-	-
Balance		-

**Non-Trade - Long Term – Unquoted**

Equity Shares of Rs.10 each fully paid- up in Techcons Limited



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	25,000	
Add: Acquired during the year	26,000	250
Less: Cancelled on Merger of Manufacturing undertaking of Rane Engine Valves	51,000	260
Balance	-	(510)

**Investment. – Current**

HDFC Cash Management Fund – Savings Plan	-	
Daily Dividend Reinvestment		

**Aggregate value of Investment**

Quoted  
Unquoted

**SCHEDULE G**

**INVENTORIES**

	As at December 31, 2007 (Rs. '000)	As at March 31, 2007 (Rs. '000)
Raw Materials	121,073	-
Work-in-progress	54,920	-
Finished Goods	55,701	-
Stores and Spares	61,891	-
	<b>293,585</b>	-

**SCHEDULE H**

**SUNDRY DEBTORS**

	As at December 31, 2007 (Rs. '000)	As at March 31, 2007 (Rs. '000)
<b>Unsecured</b>		
<b>Considered Good</b>		
Over Six months old	1,323	-
Others	322,539	-
	<b>323,862</b>	-
<b>Considered doubtful</b>		
Over six months old	6,489	-
	<b>330,352</b>	-
Less : Provision for Doubtful Debts	6,489	-
	<b>323,862</b>	-

**SCHEDULE I**

**CASH AND BANK BALANCES**

	As at December 31, 2007 (Rs. '000)	As at March 31, 2007 (Rs. '000)
Cash on hand	1,038	-
Balances with Scheduled Banks I		
In Current Accounts	6,073	592
In Deposit Accounts	99,873	-
	<b>106,984</b>	<b>592</b>





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**SCHEDULE J**

	As at December 31, 2007 (Rs. '000)	As at March 31, 2007 (Rs. '000)
<b>LOANS AND ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received	218,598	-
Loan to a body corporate	33,250	-
Advance payment of Income Tax (Net of Provisions)	35,541	-
Deposits	16,690	-
Balance with Customs, Excise and other authorities	41,828	-
	<u><b>345,907</b></u>	<u>-</u>

**SCHEDULE K**

	As at December 31, 2007 (Rs. '000)	As at March 31, 2007 (Rs. '000)
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods & Services	323,562	10
<b>Investor Education and Protection Fund</b>		
Unclaimed Dividends	1,513	-
Unclaimed matured Fixed Deposits	662	-
Fixed deposit interest paid but not encashed	16	-
Interest accrued but not due on Loans / Deposits	1,040	-
	<u><b>326,793</b></u>	<u><b>10</b></u>

**SCHEDULE L**

	As at December 31, 2007 (Rs. '000)	As at March 31, 2007 (Rs. '000)
<b>PROVISIONS</b>		
Provision for Tax	290,259	4
Less : Advance payments and Tax Deducted at Source	<u>324,443</u>	-
Net provision for tax	(34,184)*	4
Provision for Fringe Benefits Tax	11,064	-
Less : Advance payments	<u>12,421</u>	-
Net provision for Fringe Benefit Tax	(1,357)*	-
Total Provision for Tax	-	-
Dividend on Equity Shares	-	-
Provision for tax on distributed profits	-	-
	<u><u><b>4</b></u></u>	<u><u><b>4</b></u></u>



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**SCHEDULE M**

	Nine Months ended December 31, 2007 (Rs.'000)		Year ended March 31, 2007 (Rs. '000)	
<b>MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>				
Voluntary Retirement Expenditure (Taken over on Merger)	4,174		-	
Add : Additions during the year	<u>2,362</u>	6,536	<u>-</u>	-
Less : Written off during the year	<u>2,790</u>	2,790	<u>-</u>	-
		<u><b>3,746</b></u>		<u><b>-</b></u>

**SCHEDULE N**

	Nine Months ended December 31, 2007 (Rs.'000)		Year ended March 31, 2007 (Rs. '000)	
<b>SALES AND OPERATING REVENUE</b>				
Sales	1,568,241		-	
Less : Excise Duty	154,386		-	
Net Sales	<u>1,413,855</u>	1,413,855	<u>-</u>	-
Sale of Scrap	10,475		-	
Interest – trade	1,756		-	
	<u>12,231</u>	12,231	<u>-</u>	-
		<u><b>1,426,086</b></u>		<u><b>-</b></u>

**SCHEDULE O**

	Nine Months ended December 31, 2007 (Rs.'000)		Year ended March 31, 2007 (Rs. '000)	
<b>OTHER INCOME</b>				
<b><u>Income from Trade Investments</u></b>				-
Interest - others		2,087		-
Profit on sale of investments		1,170		-
Profit on Sale of Assets / Undertaking		203		52
Exchange gain		6,795		-
Miscellaneous Income		126		-
		<u><b>10,381</b></u>		<u><b>52</b></u>



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**SCHEDULE P**

	Nine Months ended December 31, 2007 (Rs.'000)		Year ended March 31, 2007 (Rs. '000)
<b>MANUFACTURING AND OTHER EXPENSES</b>			
Opening Stock :			
Finished Goods	44,009		
Work-in-progress	35,727	79,736	-
Raw Materials and Components		481,171	-
Trade Purchase		15,630	-
Stores and Tools Consumed		124,244	-
Power and Fuel		75,483	-
Royalty and Trademark Fees		7,359	-
<u>Repairs and Maintenance</u>			
Plant and Machinery		50,786	-
Buildings		4,531	-
Others		6,684	-
Salaries, wages and bonus		255,278	-
Contribution to provident and other funds		25,957	-
Staff Welfare Expenses		41,984	-
Job Work expenses		43,262	-
Rent		3,217	-
Insurance		6,221	-
Rates and Taxes		3,176	-
Traveling and Conveyance		17,283	-
Professional charges		26,429	-
Administrative Expenses		35,070	-
<u>Selling and distribution expenses</u>			
Packing and Forwarding		78,374	-
Advertisement and Sales Promotion		2,244	-
Commission and Discount		25,537	-
Provision for Doubtful Debts		839	-
Directors' Sitting Fees		538	3
Audit Fees		623	11
Loss on Sale of Assets		165	-
Bank Charges		3,529	-
Excise Duty adjustment on Inc / (Dec) of finished goods		1,667	-
Less Closing Stock			
Finished Goods	55,701		
Work-in-progress	54,920	(110,621)	
		<b>1,306,396</b>	<b>14</b>

<b>SCHEDULE Q</b>	Nine Months ended December 31, 2007 (Rs. '000)	Fifteen Months ended March 31, 2007 (Rs. '000)
<b>INTEREST AND FINANCE CHARGES</b>		
Interest :		
Term Loans	15,392	-
Fixed Deposits (Note below)	2,458	-
Cash Credit	11,759	-
Other Interest	-	19
	<b>29,609</b>	<b>19</b>

**NOTES TO ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY**

**ACCOUNTING POLICIES AND NOTES**

**ACCOUNTING POLICIES**

**1. System of Accounting**

- 1.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable.
- 1.2 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Estimates include allowance for uncollectible accounts receivables, future obligations under employees benefit plans, useful life of fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. The actual amounts (crystallized after preparation of financial statements) may differ from these estimates.

**2. Fixed Assets, Impairment & Depreciation**

- 2.1 Fixed assets are stated at cost. None of the fixed assets has been revalued.
- 2.2 If an asset is carried at a value more than the recoverable amount through use or sale of the asset, such impairment of asset is recognized as expenditure of the year. If such impairment ceases to exist then the same is recognized as income of that year.
- 2.3.1 Depreciation is provided on straight line method at the rates specified in Schedule-XIV to the Companies Act, 1956 except for :
- a) Assets acquired upto 31.03.1995 –On written down value method.
- b) Assets of following categories based on useful life acquired on or after 01.04.1996

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

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

### **3. Investments**

- 3.1 Investments are categorized into long term and current investments. Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost. Any decline in the value of long term investment is recognized by providing for such diminution in the value of investments, unless the reduction is temporary in nature. Any gains or losses as the case may be, arising on disposals of such investments, are reckoned as income or expenditure of the year.

### **4 Inventories**

- 4.1 Raw materials, work in progress and finished goods are valued at lower of cost and net realisable value. Other items of inventory are valued at cost. Cost is determined on Weighted Average basis. Cost includes conversion and other costs incurred in bringing the inventories to the present location and condition.

### **5 Foreign Currency Transactions**

- 5.1 Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise, except upto 31<sup>st</sup> March,2007, in respect of liabilities for acquisition of fixed assets from a country outside India in which case the exchange difference is adjusted in the carrying value of the fixed assets.
- 5.2 Premium or discount on forward contracts is amortised over the life of such contract and is recognised as income or expense, except in respect of the liabilities for the acquisitions of fixed assets where such amortization is adjusted in the carrying value of the fixed assets.

### **6. Borrowing Costs**

- 6.1 Borrowing costs that are attributable to the acquisition or construction of qualifying assets requires a substantial period of time are capitalised as a part of the cost of the asset if they will result in future economic benefit to the company. All other borrowing costs are charged to revenue.

### **7. Taxes on Income**

- 7.1 Provision for current tax and Fringe Benefit Tax is made based on the tax liability computed on taxable income in accordance with relevant tax rates and tax laws.
- 7.2 Deferred tax, being tax on timing difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years, has been recognized.
- 7.3 Deferred tax assets, excluding assets arising from loss/depreciation carried forward, are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case of carried forward loss/depreciation, it is recognized only if virtual certainty exists.

### **8. Research & Development**

- 8.1 Revenue expenditure is charged under natural heads in Profit and Loss Account.
- 8.2 Capital expenditure is shown as addition to fixed assets under natural heads.

**9. Retirement Benefits**

- 9.1 The company operates gratuity and pension schemes for the benefit of eligible employees. The scheme funds are administered by trustees and are independent of company's finances. The company's contributions are charged to the Profit and Loss Account in the year of accrual. Liability on account of leave salary has been provided for in the Profit and Loss Account computed on the basis of actuarial valuation for all eligible employees.

**10. Voluntary Retirement Benefits**

- 10.1 Voluntary retirement payments are written off over a period during which the benefits from such expenditure are expected to be derived.

**11. Pre-operative Expenditure**

- 11.1 All expenditure incurred prior to commencement of business / Expansion of business activities is carried forward as pre-operative expenditure, which is capitalised along with the cost of fixed assets on commencement of Business.

**12. Revenue Recognition**

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

**NOTES****13. Scheme of Demerger, Merger and Amalgamation**

- 13.1 A Scheme of arrangement (the scheme) between erstwhile Rane Engine Valves Limited (demerged company) and the company under Section 391 and Section 394 of the Companies Act, 1956 was sanctioned by the High Court of Judicature at Madras on December 20, 2007. In terms of the scheme, the manufacturing undertaking of the demerged company stands transferred to and in favour of the company with effect from April 1, 2007 (the appointed date).

- 13.2 Upon the scheme coming into effect and consequent to fresh Certificate of Incorporation received from the Registrar of Companies Tamilnadu, Chennai name of the company has been changed as under:

Certificate Dated	Change of name particulars
6 <sup>th</sup> February 2008	From "Techcons Limited" to "Rane Engine Valve Limited"

- 13.3 Consequent upon the scheme coming into effect on February 06, 2008, the assets and the liabilities inclusive of the associated rights, licenses, permits, registrations, quotas etc. of the manufacturing undertaking of the demerged company now stand transferred to the company on a 'going concern' basis effective from 1<sup>st</sup> April, 2007.

The manufacturing business comprises the following:

- a) The manufacturing units as detailed below:
  - i. Manufacturing Unit located at No. 'Glendale' 5, Noble Street, Alandur, Chennai 600016, Tamilnadu
  - ii. Manufacturing Unit located at Plot Nos. 68 to 77, Industrial Estate, Medchal 501 401, R.R District Andhra Pradesh
  - iii. Agricultural land admeasuring approximately 9.90 acres at Survey Nos. 806 and 807 of Medchal Village and Mandal 501 401, R.R. District, Andhra Pradesh
  - iv. Manufacturing Unit located at Redhills Road, Madhavaram Ponneri 601 204, Tamilnadu
  - v. Manufacturing Unit located at Survey No.177/20, Hyderabad- Vikarabad Road, Aziz Nagar, 500 075, R.R. District, Andhra Pradesh.
  - vi. Manufacturing Unit under construction at Survey Nos. 109, 111 & 121 Seniapatti, Kasavanur Village, Viralimalai Union, 621316, Pudukottai Dist., Tamilnadu
- b) All Assets wherever situated relatable to manufacturing undertaking.
- c) All present and future liabilities (including contingent liabilities and liabilities allocable under the scheme) pertaining or relatable to manufacturing undertaking.
- d) All rights, licenses, assignments and other interest in connection with or relating to manufacturing undertaking.
- e) All deposits balances with Government / Authorities in connection with or relating to manufacturing undertaking,
- f) All patents and copy rights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests exclusively relating to the goods and services being dealt with by the Manufacturing undertaking.
- g) Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the scheme, such assets and liabilities remain in the name of the erstwhile Demerged Company – Rane Engine Valves Limited.

13.4 The Scheme also provides for the transfer of the assets and liabilities of the manufacturing undertaking, the legal proceeding in relation to the manufacturing undertaking, the employees of the manufacturing undertaking and employee related benefits and all contracts and agreements in relation to the manufacturing undertaking, to the company. Accordingly, the following assets and liabilities have been transferred to the Company with effect from April 01, 2007 (Appointed Date):

	<b>Rs.000</b>	
<u>Gross Block</u>		
Land - freehold	13,608	
Buildings	108,362	
Plant and Machinery	1,301,833	
Furniture and fittings	34,047	
Office Equipment	12,638	
Vehicles	4,085	
Licence	7,895	1,482,468
Less		
Accumulated Depreciation	779,060	
Less Impairment of Assets	1,600	780,660
		701,808
Capital Work-in-progress		43,856



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<b>Net Block</b>		<b>745,664</b>
<b>Investments</b>		<b>250</b>
<b>Current Assets, Loans and Advances</b>		
Inventories	227,328	
Sundry Debtors	318,815	
Cash and Bank Balances	23,330	
Loans and Advances	<u>227,889</u>	797,362
<b>Less: Current Liabilities and Provisions</b>		
Liabilities	266,629	
Provisions	<u>-</u>	266,629
<b>Net Current Assets</b>		<b>530,733</b>
<b>Miscellaneous Expenditure to the extent not written off or adjusted</b>		<u><b>4,174</b></u>
<b>TOTAL ASSETS</b>		<u><b>1,280,821</b></u>
<b>Secured Loans</b>		
Term Loans	156,603	
Cash Credit	<u>160,207</u>	<b>316,810</b>
<b>Unsecured Loans</b>		
Fixed Deposits	47,030	
Interest free sales tax loan from Government of Andhra Pradesh	<u>61,685</u>	<b>108,715</b>
<b>Deferred Tax Liability</b>		<u><b>53,845</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>479,370</b></u>
<b>SURPLUS OF BOOK VALUE OF ASSETS OVER LIABILITIES REPRESENTED BY SHARE CAPITAL AND RESERVES</b>		<u><b>801,451</b></u>

13.5 The figures for the nine month ended 31<sup>st</sup> December, 2007 are inclusive of the figures relating to the Manufacturing Undertaking of the demerged company and thus are not comparable with those of the previous years.

**14. Share Capital**

14.1 The Authorised Capital was increased on 17.01.2008 from Rs.1,000,000 divided into 90,000 equity shares of Rs.10/- each and 10,000 9.3% cumulative preference shares of Rs.10/- each to Rs.100,000,000/- divided into 10,000,000 Equity Shares of Rs.10/- each in terms of Clause 20.6 of the Scheme sanctioned by the High Court of Judicature of madras.

14.2 As a result of the demerger the entire share capital of the company which is entirely held by erstwhile Rane engine Valves Limited is cancelled without any further act or deed as provided in the scheme.

14.3 5,150,092 equity shares of Rs.10/- each aggregating to Rs.51.51 million are to be issued to the shareholders of the demerged company, in consideration of the demerger of the manufacturing undertaking and transfer and vesting thereof with the company in the ratio of 1 equity share in the company for every I equity share held in the demerged company.



14.4 Pending issue of shares these have been shown as Share Capital Suspense.

**15. Loans**

15.1 Foreign Currency Term Loan and Rupee Term Loan from a Bank are secured by a first charge of the Company's immovable properties both present and future of the assets of the Manufacturing Undertaking of the demerged company acquired on merger.

15.2 Cash credit from banks is secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts.

**16. Fixed Assets**

16.1 Plant and machinery includes decommissioned items carried at an estimated net realizable value of Rs 428,245 taken over under the scheme of demerger.

16.2 Impairment loss of Rs.16,00,000 identified in respect of certain items of machinery has been provided has also been taken over under the scheme of demerger.

**17. Related Party Disclosures:**

17.1 Related parties and their relationship

Significant Influence: Rane Holdings Limited

Key Management personnel: Mr L Ganesh

Relatives of key management personnel :

1. Mr L Lakshman, 2. Mrs Meenakhi Ganesh, 3. Ms. Aparna Ganesh 4. Mr.Aditya Ganesh 5. Mrs T G Saraswathy 6. Mrs Hema C Kumar 7. Mrs Vanaja Aghoram 8. Mrs Shanthi Narayan

17.2 Disclosure in respect of material transactions with associated parties.

For the period 01.04.2007 to 31.12.2007		(Rs.in 000's)		
S.No	Particulars	Significant Influence	Key Management Personnel	Relatives of Key Management Personnel
1	Sale of Goods			
2	Services received			
3	Interest Received	1,849		
4	Remuneration paid		4,319	
5	Purchase of Goods			
6	Trade Mark Fees Paid	7,297		
7	Professional Service Charges Paid	28,022		
8	Rent received			
9	Sitting Fees			150

10	Interest paid on Fixed Deposits	67	505
11	Dividend Received		
12	Amount receivable - Trade		
13	Amount payable - Trade	2,185	
14	Purchase of investments		
15	Sale of investments		
16	Fixed deposits accepted / (repay)	980	750
17	Fixed deposits outstanding	550	8,850
18	Corporate Loan give Outstanding	33,250	

**18 Segment Reporting:**

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

19 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31<sup>st</sup> March, 2007.

**20 Contingent Liabilities not provided for**

	31.12.2007	31.03.2007
	Rs. '000	Rs. '000
Labour Disputes	5,614	NIL
Other Liabilities	11,735	NIL

21 Figures for the previous period have been regrouped wherever necessary to conform to the current period’s classification.

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

As per our report of even date attached

For and on behalf of the Board

For BRAHMAYYA & CO.,  
Chartered Accountants

L.GANESH  
Chairman & Managing Director

P.S.KUMAR  
Partner  
Membership No.15590

K.SANKARANARAYANAN  
General Manager – Finance & Secretary

L.LAKSHMAN  
Director

Chennai  
Dated : March 17, 2008

**CHANGES IN ACCOUNTING POLICIES**

**THERE HAS BEEN NO CHANGE IN THE ACCOUNTING POLICIES FOLLOWED BY THE COMPANY.**

**EXCEPTIONAL ITEMS:**

**STATEMENT OF EXCEPTIONAL ITEMS :**

Description	Rs. ' 000s			
	31.12.07	31.03.07	31.03.06	31.03.05
Exceptional Item of expenditure:				
Debtors written off	-	-	-	-
VRS Charged off	2,790	-	-	-
<b>Total</b>	2,790	-	-	-
Income:				
Profit on sale of Investments	1,170			
Profit on sale of Undertaking		52		
<b>Total</b>	1,170	52	-	-

**DETAILS OF OTHER INCOME:**

Description	Rs. ' 000s			
	31.12.07	31.03.07	31.03.06	31.03.05
Profit Before Tax ( excluding exceptional items)	22,679	19	380	598
20% of Net Profits before Tax	4,536	4	76	120
Other Income for the year	22,612	52	24	123
Other Income Details:				
Recurring from Business Activities	10,475			
Not Recurring from Business Activities:				
Surplus from Sale of Assets	203		4	10
Exchange Fluctuation	6,795			
Profit on sale of Undertaking		52		
Others	126			85
Sub Total	7,124	52	4	96
Income from Investment Activities:				
Interest	3,843		20	27
Dividend				
Profit on Sale of Investments	1,170			
Sub Total	5,013	-	20	27
Total Other Income	22,612	52	24	123

**TAX STATEMENT:**

Description	Rs. ' 000s			
	31.12.07	31.03.07	31.03.06	31.03.05
Profit as per Books	22,679	19	379	598
Tax Rate (%)	11.33%*	33.66%	8.415%*	35.88%
Notional Tax Liability	2,569	6	32	215
Adjustments				
Deductions u/s 80 HHC				
Profit on Sale of investments				
Income exempt u/s 10 (34) - Dividends				
Difference between Tax & Book Depreciation	-			110
On account of MAT Tax Difference	-			
Other adjustments		(6)		218
Total Adjustments	-	(6)		328
Tax Expenses / ( Savings ) thereon	-	(2)	-	118
Tax Provision	2,569	4	32	333
* Minimum Alternate Tax				

**RATES OF DIVIDEND:**

Description	31.03.07	31.03.06	31.03.05
<b>Equity Shares of REVL</b>			
Rates of Dividend ( % )	-	350	-
Dividend Amount	-	1,785,000	-

**AGEWISE ANALYSIS OF SUNDRY DEBTORS AND DETAILS OF LOANS AND ADVANCES AS AT 31.12.2007:**

Particulars	31.12.07
Sundry Debtors ( Unsecured)	
Considered Good	
Over Six Months Old	1,323
Others	322,539
	323,862
Considered Doubtful	
Over Six Months Old	6,489
	330,352

<b>Particulars</b>	<b>31.12.07</b>
Less: Provisions for Doubtful Debts	6,489
<b>Total</b>	<b>323,862</b>
Loans and Advances ( Unsecured, Considered Good)	
Advances recoverable in Cash or in Kind or for value to be received	218,598
Loan to Body Corporate	33,250
Advance Payment of Income-tax ( net of Provisions )	27,600
Balance with Customs, Central Excise Departments and Other authorities	41,828
Deposits	16,690
<b>Total</b>	<b>337,965</b>

**CAPITALISATION STATEMENT:**

<b>Particulars</b>	<b>Pre Issue 31.12.2007</b>	<b>As adjusted for issue</b>
Borrowings:		
Short term debt	231,313	
Long term debt	592,028	
Shareholders' Fund		
Equity Share Capital	51,510	
Reserve and Surplus	756,938	
Total Shareholders' Fund	808,448	
Long Term Debt / Equity Ratio	0.73 : 1	

**DETAILS OF RESERVE AND SURPLUS:**

<b>Description</b>	<b>31.12.07</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>
Rs. ' 000s				
Capital Reserve:				
Capital Subsidy	387			
Investment Allowance (Utilised) Reserve	2,536			
Other Reserve:				
Capital Subsidy	2,281			
Share Premium				
Capital Reserve	2,772			
Investment Allowance (Utilised) Reserve	-			
Export Incentive Reserve	1,908			
General Reserve	685,635			
Surplus in Profit and Loss A/c	61,422	67	53	2,003
<b>Total</b>	<b>756,941</b>	<b>67</b>	<b>53</b>	<b>2,003</b>

**DETAILS / ANALYSIS OF OUTSTANDING UNSECURED LOANS TAKEN BY THE COMPANY**

Rs. ' 000s

Sl. No.	Name of the Lender	Facility	Sanctioned Amount	Balance in INR as on 31.12.07	Rate of Interest	Repayment Schedule
1	Government of Andhra Pradesh	Interest Free Sales Tax Loan	122,075	62,738	NIL	27.02.2010 to 27.02.2023
2	FD Holders	Fixed Deposits		42,458	Various rates ranging from 7% to 9% depending n the scheme.	2007-08: 5,713 2008-09: 26,550 2009-10: 10,195 TOTAL : 42,458

**PRINCIPAL TERMS OF LOANS AND ASSETS CHARGED AS SECURITY**

- Foreign Currency Term Loan and Rupee Term Loan from a Bank are secured by a first charge of the Company's immovable properties both present and future.
- Cash credit from banks is secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts.

**RELATED PARTY TRANSACTION**

**Related Party Transaction:**

Related Party disclosure have been set out herein below. The related parties, as defined by Accounting Standard - 18 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India, in respect of which the disclosure have been made, have been identified on the basis of disclosure made by the Key managerial persons and taken on record by the Board.

For the period 01.04.2007 to 31.12.2007

(Rs.in 000's)

S.No	Particulars	Significant Influence	Key Management Personnel	Relatives of Key Management Personnel
1	Sale of Goods			
2	Services received			
3	Interest Received	1,849		
4	Remuneration paid		4,319	
5	Purchase of Goods			
6	Trade Mark Fees Paid	7,297		
7	Professional Service Charges Paid	28,022		

S.No	Particulars	Significant Influence	Key Management Personnel	Relatives of Key Management Personnel
8	Rent received			
9	Sitting Fees			150
10	Interest paid on Fixed Deposits		67	505
11	Dividend Received			
12	Amount receivable - Trade			
13	Amount payable - Trade	2,185		
14	Purchase of investments			
15	Sale of investments			
16	Fixed deposits accepted / (repay)		980	750
17	Fixed deposits outstanding		550	8,850
18	Corporate Loan give Outstanding	33,250		

**ACCOUNTING RATIOS:**

(Rs.in 000's)

Ratios		31.12.07	31.03.07	31.03.06	31.03.05
Earnings per share (EPS)					
Profit After Tax (PAT)	A	13,152	15	85	341
Number of equity shares ( ' 000)	B	5,151	51	51	51
Earnings per share	A/B *	2.55	0.29	1.67	6.68
Return on Net worth					
Net profit after tax	A	13,152	15	85	341
Net Worth	B	804,705	577	563	2,513
Return on Net worth	A/B	2%	3%	15%	14%
Net Assets value per equity share:					
Equity Net Worth	A	804,705	577	563	2,513
Number of equity shares ( ' 000)	B	5,151	51	51	51
Net Assets value per equity share	A/B	156.22	11.32	11.03	49.27

\* Not annualised

**PART B**

**SUBSIDIARY** - The company does not have any subsidiary.

**FINANCIAL STATEMENTS OF GROUP COMPANIES**

**Rane (Madras) Ltd.**

- a) Date of Incorporation: 31-03-2004
- b) Nature of activities: Manufacturing and marketing of auto components viz., steering gears assembly, steering linkage products and suspension joints.
- c) Financial Information

(Rs. '000)

	<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>
Income	3,329,805	2,805,136	2,001,700
Profit after Tax	136,166	86,402	42,307
Equity Capital	101,641	101,641	101,641
Reserves (excluding Revaluation Reserves)	338,134	251,511	204,793
Earnings Per Share (Rs.)	13.08	8.02	5.4
Net Asset Value(Rs.)	38.50	30.46	30.15

Note:

As per the Scheme of arrangement approved by the High Court of Judicature at Madras, the manufacturing undertaking of Rane Holdings Limited was demerged and transferred into the Company, with effect from July 01, 2004, vide High Court Order sanctioned on April 25, 2005. The name of the company was changed to Rane (Madras) Limited on February 22, 2005.

- d) The shares of the company are listed and traded on MSE, NSE and BSE with effect from August 30, 2005. The details of the highest and lowest price during the last six months is as follows:

<b>Month</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>
September 07	105.00	85.10
October 07	109.40	75.15
November 07	93.10	73.10
December 07	98.90	81.00
January 08	109.80	63.75
February 08	81.80	63.40

- e) Information on public or rights issue of shares during the last three years

No change in the share capital of the company was made by way of public or rights issue. Based on the approval of the shareholders and the scheme sanctioned by the High Court of Madras on April 25, 2005 the erstwhile Rane (Madras) Limited demerged and transferred the manufacturing undertaking into the company w.e.f July 01, 2004. In consideration of the demerger of the manufacturing undertaking the company issued and allotted 8,131,316 fully paid up equity shares of Rs.10 each, aggregating Rs.81 Million to the shareholders of the demerged company.



**Rane Brake Lining Limited**

- a) Date of Incorporation: 17.12.2004
- b) Nature of activities: Manufacture of brake linings, disc pads, railway blocks and clutch facings

c) Financial Information (Rs. '000)

	31.03.2007	31.12.2005
Income	-	-
Profit after Tax	(82)	(82)
Equity Capital	100	100
Reserves (excluding Revaluation Reserves)	-	-
Earnings Per Share (Rs.)	(0.82)	(0.82)
Net Asset Value (Rs.)	0.73	0.77

- d) Consequent to the sanctioning of the Scheme by the Hon'ble High Court of Madras, the manufacturing undertaking of erstwhile Rane Brake Linings Limited has been transferred to and vested in Rane Brake Lining Limited. In terms of the Scheme, Rane Brake Lining Limited has allotted shares to the shareholders of erstwhile Rane Brake Linings Limited and has applied for listing of the said shares with National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Madras Stock Exchange Limited.
- e) The company was incorporated as a private limited company under the name EMS Logistics Line Private Limited during December 2004 with a paid-up share capital of Rs. 1 lakh. In order to give effect to the Scheme, the company was converted from a private limited company to a public limited company. To facilitate the conversion, the company made a rights issue to its then promoter viz. Rane Holdings Limited for raising the capital from Rs. 1 Lakh to Rs. 5 Lakhs. Thus, the company was converted as a public limited company on September 26, 2007 and its name changed to Rane Brake Lining Limited w.e.f. February 6, 2008. No other change was made to the capital by public or rights issue except allotment of shares under the Scheme.

**Rane Diecast Limited**

- a) Date of Incorporation: 23.08.1996
- b) Nature of activities: Manufacture of machined aluminium diecast products.

c) Financial Information (Rs. '000)

	2006-07	2005-06	2004-05
Income	88,374	54,816	76,160
Profit after Tax	(31,132)	(2520)	81
Equity Capital	83,111	44,000	44,000
Reserves (excluding Revaluation Reserves)	42,871	2,000	2,000
Earnings Per Share (Rs.)	(3.75)	(0.57)	0.02
Net Asset Value (Rs.)	12.02	5.36	4.63

- d) The shares of the company are not listed on any stock exchange.
- e) Details of Public or Rights Issue during the last three years:

During the year 2006-07 3,911,111 equity shares of Rs.10/- each at a premium of Rs.10.45 per share was allotted on rights basis to the holding company erstwhile Rane Brake Linings Limited. Further, 1,466,989 equity shares was allotted by way of a preferential issue to M/s. Rane Holdings Limited

during the year 2007-08. The company has become a subsidiary of Rane Holdings Limited upon the Scheme coming into effect on February 6, 2008.

**Rane NSK Steering Systems Limited (RNSSL)**

- a) Date of Incorporation: 22.03.1995
- b) Nature of activities: Manufacturing of solid and energy absorbing steering columns, intermediate shafts and universal joint assemblies.

c) Financial Information (Rs. '000)

	2006-07	2005-06	2004-05
Income	412,955	367,525	389,970
Profit after Tax	14,281	53,840	21,030
Equity Capital	160,000	160,000	160,000
Reserves (excluding Revaluation Reserves)	-	-	-
Earnings Per Share (Rs.)	0.89	3.37	1.31
Net Asset Value (Rs.)	6.38	5.49	10.08

- d) RNSSL is a joint venture promoted by Rane Investments Limited with NSK Limited, Japan and is an unlisted entity
- e) Consequent to the approval of the shareholders at their Extra ordinary meeting held on July 09, 2007 the Board of directors of the company at their meeting held on October 18,2007 allotted 1,900,000 shares on a rights basis in the ratio of 19 equity shares for every 160 equity shares held in the company.

**Rane TRW Steering Systems Limited (RTSSL)**

- a) Date of Incorporation: 03.07.1987
- b) Nature of activities: Manufacturing of Hydraulic Power Steering Gears and Seat Belts.
- c) Financial Information

(Rs. '000)

	2006-07	2005-06	2004-05
Income	4,101,691	3,484,424	3,364,750
Profit after Tax	708,449	565,807	575,046
Equity Capital	87,382	87,382	87,382
Reserves (excluding Revaluation Reserves)	1,354,532	1,194,091	927,199
Earnings Per Share (Rs.)	81.07	64.75	65.81
Net Asset Value (Rs.)	146.65	116.11	81.76

- d) RTSSL is an unlisted entity
- e) During the last three years no changes have been made to the share capital of the company.

**MANAGEMENT DISCUSSION & ANALYSIS OF OPERATIONS AND FINANCIAL CONDITIONS**

**1. FINANCIAL AND OPERATIONAL PERFORMANCE:**

The company has achieved a turnover of Rs.1,414 million and a profit before tax of Rs.23 million despite reduced selling prices, increased input costs including raw materials, employees cost etc.

**2. INDUSTRY STRUCTURE AND DEVELOPMENTS.**

The year under review has seen continued buoyancy in all segments of automobile industry. Sustained spending on infrastructure, increasing availability of consumer credit together with the expectation of strong growth resuming in the agricultural sector are beneficial factors that would support growth in the current year. There are, however signs of difficulty in reigning in inflation spurred by rising commodity prices, increased interest rates and government policy on export. If these persist and interest rates go up, decline in growth rates may be unavoidable. A brief corrective phase is very likely before growth resumes.

The table below highlights the segmental growth (volume) of the Indian automotive industry

GROWTH		% age
2005-06		2006-07
9	Passenger Cars	19
7	Utility Vehicles	13
23	Light Commercial Vehicles	7
	SCV (One T & below)	146
4	Medium and Heavy Commercial Vehicles	34
15	Farm Tractors	15
17	Three Wheelers	28
18	Two Wheelers	11

Source: Society of Indian Automobile Manufacturers and Tractor Manufacturers Association

**3. OUTLOOK**

Sustained spending on infrastructure, and the continuing general economic growth, are beneficial factors that should aid business growth in the medium and long term.

Concerns of inflation caused through supply side constraints and increases in prices of commodities continued. These have resulted in monetary measures, which have driven up the interest rates. It should be expected these would have a dampening effect on the growth sentiments.

Exports continues to be a focus area and your company will enhance capacities to meet growing demand from overseas customers. In this direction, a new plant has been set up near Trichy in Tamil Nadu to enable us to meet increased demand from domestic and export customers. Commercial production is expected to commence before the end of first half of 2008-09.

**4. OPPORTUNITIES, THREATS AND RISK**

The continued attractiveness of the Indian Auto Component industry as an outsourcing hub, presents opportunities for growth. Also, in the medium term the growth potential for the domestic industry will continue to be in double digits.

The main threats arise out of:-

- Volatility in commodity prices - steel and other inputs
- Low priced products import from China
- Strengthening Rupee

- Apprehended temporary slow down of the Economy
- Entry of MNCs in the Country

## **5. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT**

Your Company engaged the services of an independent agency to carry out internal audit of all the Company locations across the country. The Audit Committee of the Board approves the audit plan in the beginning of the financial year in consultation with the internal auditors, the statutory auditors and the operating management. The findings of the internal auditors are placed before the Audit Committee for review. The response of the operating management and counter measures proposed are discussed at the Audit Committee meetings. The process not only seeks to ensure the reliability of control systems and compliance with laws and regulations but also covers resources utilisation and system efficacy.

Risk Management is an integral part of the business process. With the help of experts, the company mapped the risks at the business processes and enterprise levels and evolved a risk management framework. Mitigative measures have been identified in respect of the latter. These would be periodically reviewed by the Board of Directors.

## **6. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS**

Your company attaches considerable importance to Human Resource Development (HRD) and harmonious industrial relations.

The management is continuously working on the development of human capital, vital in an ever changing business environment towards achieving the goals and realizing the Vision of the company. "Rane Institute for Employee Development" is a group resource that imparts training towards continuous enhancement of technical and managerial skills. On an average, 4.70 mandays of training per employee was imparted during the year across employee segments and divisions.

Total Employee Involvement is a key element of Total Quality Management (TQM) that enables continuous improvement to all business processes. The company conducts regular Employee Opinion Surveys, the outcome of which is deliberated and acted upon.

As of 1st April 2007, the total number of employees stood at 1,435.

## **7. CAUTIONARY STATEMENT**

The information and opinion expressed in this Report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. Actual results may differ materially from those either expressed or implied in this report. The management shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. Prior written permission of the Company should be obtained for furnishing this information to any person.

## **Comparison of fiscal 2006 with fiscal 2005**

- The company was incorporated in 1972. The company was engaged in the field of technical consultancy until 2006 when the business of the company was taken over by Rane Holdings Limited as a going concern. Consequent to the Scheme, the company would commence its manufacturing operations by carrying on the business transferred to and vested in it. Hence, there are no comparable figures indicating the growth of the company.



- The sectoral growth (volume) of the Indian automobile industry during the year was:  
(Source: ACMA and SIAM).

Sectors	Growth in 2006-07
Passenger Cars	19%
Utility Vehicles	13%
Light Commercial Vehicles	7%
SCV (One T & Below)	146%
Medium and Heavy Commercial Vehicles	34%
Farm Tractors	15%
Three wheelers	28%
Two Wheelers	11%

#### 1. SEGMENT PERFORMANCE REVIEW AND ANALYSIS

The entire operations of the company would relate to one segment.viz., “Components for Transport Industry’.

#### 2. FACTORS AFFECTING BUSINESS PERFORMANCE

Pricing pressures from domestic OEM’s, steep increase in steel prices impacting raw material costs, increase in other input costs like employee compensation and exchange fluctuations arising out of depreciation of dollar on exports are few factors affecting business performance.

**SECTION VI  
LEGAL AND OTHER INFORMATION**

**OUTSTANDING LITIGATIONS AND DEFAULTS THE COMPANY, PROMOTERS, DIRECTORS OR THE GROUP COMPANIES**

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company and our Directors, Promoter and Promoter Group Companies, and there are no defaults, nonpayment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoter or Directors

**Against the Company :**

<b>Brief Particulars</b>	<b>Claim Amount (Rs. in '000)</b>	<b>Court / Forum / Case Number</b>	<b>Current Status</b>
<b>Labour Cases</b>			
K Chandrakumar & Ors v/s Rane Engine Valves Limited  Writ petition seeking interim stay against the order of the labor court to reinstate employees with continuity of service and back wages.	4,928/-	High Court, Madras W.P. No. 38577 of 2005	Matter is pending
R. Dhandapani v/s The Management of Rane Engine Valves Limited  Termination of service and reinstatement with back wages	-	Labour Court, Chennai ID No. 614 of 2004	Matter is pending
Rane Engine Valve Limited v/s The Govt. of Tamil Nadu  Writ petition for an interim stay regarding payment of interest and damages on ESI contributions	3,223/-	High Court, Madras  WP 22415 to 22417 of 2005 and 24428 of 2005	Matter is pending. As per High Court order the company has paid 50% of the amount set out in the notice.
Rane Engine Valve Limited v/s The Employee State Insurance Corporation  Non-deduction of ESI contribution of sub-contractors	599/-	<b>Labour Court, Chennai</b> CP No. 21 of 2005	Matter is pending

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
Engine Valve Limited Mazdoor Sangh v/s Rane Engine Valve Limited  Writ petition for termination of services of some of the workmen	-	High Court, Andhra Pradesh at Hyderabad WP No. 7088 of 1995	Matter is pending
N Krishna v/s The Management of Rane Engine Valves Limited  Dismissal from service. Writ petition against the order of the Tribunal.	24/-	High Court, Andhra Pradesh at Hyderabad WP No. 20276 of 2005	Matter is pending Rs. 6104/- per month is paid to the petitioner
V. Ravi Sankar v/s The Vice President - Operations Rane Engine Valves Limited & Ors  Dismissal from service. Writ petition against the order of the Tribunal.	-	High Court, Andhra Pradesh at Hyderabad WP No. 20570 of 2001	Matter is pending.
Rane Engine Valves Limited v/s B Siddiramulu  Memorandum of settlement is filed in the High Court	325/-	High Court, Andhra Pradesh at Hyderabad WP No. 9872 of 1998 and WP No. 12004 of 1998 <sup>1</sup>	Matter is pending.
Rane Engine Valves Limited v/s The Industrial Tribunal &Ors.  A writ petition was filed against the order of the Tribunal to pay differential amount on the minimum wages revised by the Government.	543/-	<b>High Court of Andhra Pradesh</b> WP No. 2881 of 1999	Matter is pending
Y Venkat Reddy vs Rane Engine Valves Limited  Petition before Labour Court against termination of service.		Labour Court, Hyderabad ID No. 20 of 2005	Matter is pending.
Collective dispute on wage settlement.		I.D.No.246 of 2007 Labour Court, Chennai	Filed counter statement on 12.11.2007

<b>Brief Particulars</b>	<b>Claim Amount (Rs. in '000)</b>	<b>Court / Forum / Case Number</b>	<b>Current Status</b>
N. Ponnen, S. Jayapal, T.Arunachalam, D.Suresh, V.Arul, R.Murugan V/s Rane Engine Valve Limited  Petition before Labour Court against dismissal from service		Labour Court, Chennai I.D.No.577-582 of 2006	Matter is pending.
G. Mahendar & Ors V/s Rane Engine Valve Limited  The petitioner approached the Deputy Commissioner of Labour against removal from service. Company has responded to the notice.		Deputy Commissioner of Labour	Matter is pending
<b>Central Excise</b>			
Rane Engine Valve Limited vs. Commissioner of Central Excise (Hyderabad)  SCN dated January 24, 1997 was issued regarding disallowance of MODVAT credit on grinding wheels etc.	56/-	CESAT Appeal no. E/761/2001	The matter is pending before CEGAT, Bangalore
Assistant Commissioner of Central Excise vs. Rane Engine Valve Limited  SCN was issued regarding disallowance of MODVAT credit on arm cables, etc.	110/-	<b>Assistant Commissioner of Central Excise</b> SCN No. 08/96-97	The company has replied to SCN & matter is pending.
Superintendent of Central Excise vs. Rane Engine Valves Limited  SCN was issued regarding disallowance of MODVAT credit.	127/-	<b>Superintendent of Central Excise</b> SCN no. 02/1997	The company has replied to the SCN. Matter is pending.
<b>Service Tax</b>			
A SCN was issued on appropriation of service tax and interest paid on payment to foreign service providers to government account and imposition of penalty under Section 76,77 & 78 of Finance Act, 1994	Tax due Rs. 6526/- and Interest Rs. 3874/-	Central Excise (Appeals), Chennai	The company has preferred an appeal against the order of Commissioner of Service tax.



Brief Particulars	Claim Amount (Rs.)	Court / Forum / Case Number	Current Status
<b>Sales Tax Cases</b>			
Kerala State Govt. has issued Notice of Demand for payment of sales tax on stock, which is shown as shortage. Assessment Year 2003-2004.	1003/-		Appeal filed against this order.
Due to decrease in sales 1 <sup>st</sup> quarter of 2007-08 in comparison to 1 <sup>st</sup> quarter of 2006-07 the Deputy Commissioner of Trade Tax – 3 has levied a tax (penalty) of Rs.50, 500/-.	50/-	Joint Commissioner Trade Tax 3– Kanpur	Filed an appeal against the notice
<b>Land Cases</b>			
Engine Valves Limited (Rane Engine Valves Limited) vs. Mandal Revenue Officer & Ors.  MRO claims that the land is assigned Government land. The company has filed an appeal and contented that it is a clear patta land.		<b>Court of District Collector, RR District, HYDERABAD.</b> Appeal No. 1910 of 1999.	Matter is pending.
<b>Others</b>			
Rane Engine Valve Limited vs. State Of Andhra Pradesh & Ors.  A writ petition against levy of electricity duty @ Re. 0.25 per unit on self generated power		High Court, Andhra Pradesh. Writ Petition No. 6095 of 2004.	Matter is pending.
In Re: The A.P. Pollution Control Board & Ors.  Suo motto writ petition against the SCN received from A P Pollution control Board		High Court, Andhra Pradesh. Suo Motto Writ Petition No. 3367 of 2006.	The Matter is pending.
<b>Income Tax Cases</b>			
<b>AY 1991-92</b> Disallowance of agricultural income and demand of tax	5/-	Income Tax Appellate Tribunal	Matter is pending.
Rane Engine Valve Limited vs. Dy. Commissioner of Income Tax <b>AY 1992-93</b> 80HHC computation, unabsorbed depreciation and CIT's revision order for entertainment allowance.	1,044/-	Income Tax Appellate Tribunal. Income Tax Appeal No. 882 and 883(Mds)/96.	Matter is pending.

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
<p>Dy. Commissioner of Income Tax vs. Rane Engine Valve Limited</p> <p><b>AY 1998-99</b> Disallowance of expenditure</p>	5,755/-	<p><b>Income Tax Appellate Tribunal.</b> Appeal No. 1041/MDS/2002</p>	Matter is pending.
<p>Rane Engine Valve Limited vs. Income Tax Officer AY 2003-04</p> <p>a. Dispute relating to Computation under section 80 HHC.</p> <p>b. Interest income has been considered as “income from other sources” as against business income.</p> <p>c. Levy of interest under section 234D.</p>	5,925/-	Commissioner of Income Tax (Appeals).	Matter is pending.
<p>Rane Engine Valve Limited vs. Income Tax Officer</p> <p>AY 2004-05</p> <p>a. Dispute relating to Computation under section 80 HHC.</p> <p>b. Interest income has been considered as “income from other sources” as against business income.</p>		Commissioner of Income Tax (Appeals).	The matter is pending.

**Our Group Companies:**

**Against Rane Brake Lining Limited**

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
<b>Income Tax</b>			
<p>Rane Brake Lining Limited v/s <b>Dy. Commissioner of Income Tax</b> An appeal against the order of the Dy. Commissioner of Income Tax. - Lump sum fee (Pune Lease hold land) charged off for IT-kept as DRE in books. - Interest claim by Dept.</p> <p>A.Y. 1994-95 A.Y. 1995-96</p>	<p>1040/- 1717/-</p>	<p>Income Tax Appellate Tribunal.</p>	<p>The matter is still pending for hearing.</p>
<p>Rane Brake Lining Limited v/s <b>Dy. Commissioner of Income Tax.</b> A.Y. 1995-96 Disallowance of marketing arrangement fees to JMA.</p>	<p>1840/-</p>	<p>Income Tax Appellate Tribunal.</p>	<p>The matter is still pending for hearing.</p>
<p><b>The Joint Commissioner of Income Tax.</b> v/s Rane Brake Lining Limited <b>AY 1996-97</b> Dispute over replacement value of machinery Turnover definition for 80HHC Deductions under 80HHC</p>	<p>273 8/-</p>	<p>Income Tax Appellate Tribunal.</p>	<p>Appeal of Revenue partly allowed. Cross objection of assessee partly allowed.</p>
<p>Rane Brake Lining Limited v/s <b>The Joint Commissioner of Income Tax.</b> <b>AY 1997-98, 1998-99, 2000-01</b> Depreciation effect on sale of Hosur undertaking:- -only book value of assets was credited to the block of assets.</p>	<p>7963/-</p>	<p>Income Tax Appellate Tribunal.</p>	<p>Hearing is pending.</p>

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
<p>v/s <b>The Joint Commissioner of Income Tax.</b> <b>AY 1998-99, 2000-01</b> Depreciation effect on fire accident claim received for fixed assets to be reduced from Gross block. Rane Brake Lining Limited</p> <p>v/s <b>Dy. Commissioner of Income Tax.</b> <b>AY 2000-01</b> Mumbai property – depreciation disallowance Dept's contention asset not put to use.</p>	156/-	Income Tax Appellate Tribunal. Appeal No.	Appeal is partly allowed.
<p>Rane Brake Lining Limited</p> <p>v/s Income Tax Officer Interest disallowed with reference to investments made by the company <b>AY 2000-01</b> <b>AY 2001-02</b></p>	9661/- 3451/-	1) Commissioner Appeals 2) Income Tax Appellate Tribunal.	The matter is pending.
<p>Rane Brake Lining Limited</p> <p>v/s <b>Income Tax Officer.</b> <b>AY 2003-04</b> -Dispute over interest disallowance with reference to investments made by the company -Limited export relief due to dispute over exclusions -Dispute over exclusion of 80IB while computing 80HHC benefit -Dispute over common expenses for deduction under 80IB</p>	7707/-	Commissioner Appeals	Matter is pending hearing.

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
<p>Rane Brake Lining Ltd., V/s <b>Asst.Comm of Income Tax.</b> An appeal against the order of the Asst.com.of Income Tax. <b>A.Y: 2002-03</b></p> <p style="text-align: center;">- Dispute while computing Deduction Under Sec 80HHC,</p> <p>Sec 80IA Deduction to be excluded. <b>A.Y.2002-03</b> Notice Under Sec 274 to Impose penalty (For concealment of Income)</p>	3046/-	Income Tax (Appeals)	<p>Appeal filed against the order on 24.01.2008. Based on the appeal, letter given to drop the penalty proceedings until disposal of the order. Letter given on 29.01.2008.</p> <p>The Matter is Pending for Hearing.</p>
<b>Central Excise Cases</b>			
Dispute over provisional and actual Post Manufacturing Expenses for the period 1996-97	261/-	Asst Commissioner of Central Excise; SCN No.142/2001 dated 25.5.2001 Appeal No. E/235,236,237/2001	Pending before CESTAT on an appeal by the Department
Dispute relating to classification of un-mounted brake linings.	78/-	Appeal filed against the Order in appeal 117/2000(M-II) dated: 20.10.2000 on 12.03.2001 Appeal No. E/290/2001	Pending before CESTAT
<p>Rane Brake Lining Limited v/s Commissioner of Central Excise Dispute relating to classification of friction dust. The company has filed an appeal before the CESTAT</p>	7557/-	CESTAT	<p>Appeal dismissed by CESTAT and company paid Rs. 3016.99 as per its calculation. The matter is pending for the differential amount.</p>

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
Interest on Supplementary Invoice raised Jan-Feb'07	67/-	O-I-O passed by Additional Commissioner of CE, Chennai II Commissionerate	An appeal has been preferred before the Tribunal against the orders of the Additional Commissioner.
Dispute relating to abatement of Post Manufacturing Expenses period from 01.03.1982-30.11.1983.	894/-	Asst Commissioner of Central Excise; SCN No.139/2001 dated 31.5.2001	Pending
Dispute relating to the assessable value of sales made to wholesale dealers and the treatment of post manufacturing expenses. The department claims differential duty.	990/-	Deputy Commissioner of Central Excise; SCN No.142/2001 dated 25.5.2001	Pending
Dispute relating to assessable value and availment of credit by both the company and the customer on a bought out component.	99/-	Deputy Commissioner	Pending
Dispute relating to non-inclusion of Finance Charges in the assessable value. The case was decided in favour of the company.		CESTAT	Appeal preferred by the Department against Commissioner (Appeals) Order
<b>Service Tax Cases</b>			
Rane Brake Lining Limited v/s Dy. Commissioner of Central Excise (STC) Service Tax demanded on royalty paid to foreign collaborator.	1296/-	Dy.Commissioner of Central Excise (STC)	Hearing awaited.
Service Tax not paid under IPR and BAS Period: 10.09.2004 to 30.09.2006	1333/-	Joint commissioner of Service Tax Commissionerate passed SCN No. 151/2007 dt: 27.08.07	Pending
Ineligible credit (Credit availed on Job work charges) wrongly availed and utilized  Period April 2005 to July 2007	131/-	Deputy Commissioner of Central Excise passed SCN No. 22/2007 dated: 30.08.07 O-I-O passed by DC on 15.11.07	Appeal filed before the Commission of Appeals Pending before Commissioner of appeals
<b>Labour Cases</b> <b>G.Jayapalan</b> v/s Rane Brake Lining Limited Against all directors seeking prosecution under Sec.29 of ID Act	-	Assistant Commissioner of Labour A/1469/06 (New.No.770/07)	The locus standi of G Jayapalan questioned by Union. Matter pending.

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
<b>A V Parthasarathy</b> v/s Rane Brake Lining Limited  Claiming Employee Benevolent Fund amount	200/-	Labour Court I C.P.No.698 to 702/02	Preferred an appeal in the High Court
<b>G. Jayapalan</b> v/s Rane Brake Lining Limited A. Writ petition filed 1. seeking direction to dispose the complaint lodged with a) Secretary, (L&E) Tamilnadu b)Chief Inspector of Factories 2. Direction to management to negotiate on charter of demands	-	High Court  WP.38965/06 WP.40371/06  WP.40375/06	Matter is pending
3. Seeking ad interim injunction against the wage settlement dated 18.05.2007 B. Defamation case against Management  C. Case against Internal Transfer and wage cut		W.P.30300/07  District Munciff Court Ambattur Cal.Case.No. 429/06 Assisstant Commissioner of Labour A.470/07	
D. Disputes referred for adjudication by state governement based on failure report of A.C.L on charter of demands filed by GJayapalan.		Industrial Labour Court I.D.10/2008	
Rane Brake Lining Limited v/s <b>Workmen</b> Seeking permanent injunction to restrain them from performing dharna etc., within a radius of 300 metres from factory gate		Labour Court O.S.403/07 in I.A.No.1433/07	Matter is pending disposal
<b>District Munsiff Court</b> v/s Rane Brake Lining Limited		Madras High Court C.R.P.3177/07 & 3178/07	Interim stay vacated. High court ordered disposal of case within 4 weeks Matter is pending before District Munsiff Court
Rane Brake Lining Limited v/s <b>Workmen</b> Violation court's order by demonstrating in front of factory gate on 17.12.07		High Court	The case is yet to be listed

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
<b>Sales Tax Cases</b>			
<b>Under Tamilnadu General Sales Tax Act</b> AY 2001-02 Tax on Export Sales, Tax against Form XVII Sales & Penalty AY 2002-03 Tax on resale of Assets, Addl.Sales Tax Penalty AY 2003-04 Tax on sales of Semi- finished goods, non- submission of Form XVII, Tax on Exports XVII & Tax on Exports	50/- 79/- 176/- 471/- 693/- 14/-	Appellate Asst.Commissioner (CT)-VI Kuralagam Annexe, Chennai- 600 108	Case pending disposal
<b>Central Sales Tax Act, 1956</b> AY 2003-04 Tax on non submission of "C" & "D" Forms for interstate sales	1233/-	Appellate Asst.Com missioner (CT)-VI Kuralaga m Annexe Chennai- 600 108	Case pending disposal
<b>Kerala General Sales Tax Act</b> AY 2003-04 Tax on stock transfers intercepted at checkpost	102/-	Deputy (Appeals) Commerci al Commissi oner Taxes, Ernakula m	Security bond deposited for Rs.1,02,368/-
<b>West Bengal General Sales Tax Act</b> AY 2003-04 Local Sales @ 4% wrongly considered as interstate sales		Commerci al Tax Officer Howrah Charge, Howrah	Pending refund of tax
<b>Andhra Pradesh General Sales Tax Act</b> AY 2003-04 Non submission of "C", "D" & "F" Forms	4141/-	Commercial Tax Officer, BowenpallyCircle,	Case pending disposal
<b>Uttar Pradesh Trade Tax Act</b> AY 2007-08 Diff tax	92/-	Joint Commisioner Appeal – 2 UP Trade Tax, Kanpur	Case pending



**Rane Holdings Limited**

Brief Particulars	Claim Amount (RS. IN '000)	Court / Forum / Case Number	Current Status
<b>Others</b>			
Dispute related lease rental for lease land 1990-2003 demanded by Tahsildhar, Mylapore.	5400/-	Collector of Chennai	Appeal filed with Collector of Chennai

**Rane (Madras) Limited**

Brief Particulars	Claim Amount (Rs. in '000)	Court / Forum / Case Number	Current Status
<b>Income Tax</b>			
Deputy Commissioner of Income Tax v/s Rane Madras Ltd.  Erroneous claim of depreciation on machines made by Income Tax authorities: AY1996-97 - Rs.16,33,064/-. AY 1997-98- Rs. 65,00,475/-	740 /- 2795/-	High Court of Madras, Tax Case Appeal No.1129 against ITA No.246/04 Appeal No.1130 against ITA No.717/04	The case was admitted by the High Court and Ordered Notice to the department to appear in the matter.
Commissioner of Income Tax v/s Rane (Madras) Limited  Disallowance of claim made u/s 43B towards Payment of Bonus & Leave Salary for AY 2005-06	9204/-	Commissioner of Income Tax Appeals	Appeal filed with CIT(Appeals) Stay order being obtained
<b>Service Tax - Velachery</b>			
Demanded Service tax on Royalty paid to Collaborators classifying it as Consulting Engineering Services	896/-	Joint Commissioner of Service Tax, Chennai 35 SCN No.63/2007 dated 12.04.07	The matter is pending before JC, Service Tax..
Demanded Service tax on fees paid to Foreign Service Providers towards Commission, Warehousing and Penalty for non payment	2010/-	Commissioner of Service Tax Chennai 35 SCN No.165/2007 dated 11.09.07	Appeal against levy of penalty has been made. The matter is pending.
<b>Labour Cases</b>			
Four workmen v/s Rane (Madras) Limited, The matter relates to the dismissal of four workmen.	7623/-	The Principal Labour Court, Chennai  Industrial Dispute No. 560 of 1990	The matter is pending.

Brief Particulars	Claim Amount (Rs.)	Court / Forum / Case Number	Current Status
Mr. Devajeeva Aasir v/s Management of Rane (Madras) Ltd., Chennai. The matter relates to a claim for continuity of service and back wages.	88/-	The Labour Officer – Conciliation M.M.No. Aa/417/05 dated September 26, 2005	The Labour Officer - Conciliation sent a failure report to the Government.
Mr. Kendagannaswamy v/s The management of Rane Madras Limited Termination of services of an operator for continuous absenteeism.	23/-	Labour Court, Mysore IID 88/05	The matter is pending.
<b>Central Excise-Mysore</b>			
Cenvat credit availed in 2004 on Extra / Xerox copies of the suppliers invoice <sup>2</sup>	129/-	SCN No.V/87/15/13/04 dt 19.07.2004 OIO No.97 dt 10.01.2005 and OIA No.132 dated 06.06.2005	Tribunal remanded the case to the Range for verification and pass suitable Order. Order No.1145/07 dated 05.10.07
SCN from Deputy Commissioner of Central Excise, Pondicherry for misstatement on clearance of capital goods as scrap goods.	262/-	Deputy Commissioner of Central Excise, Pondicherry SCN No.: IV/16/41/2006-UCD dated April 6, 2006 Order-in-Original No. 12/2006	The Tribunal Ordered stay of recovery of the amount and referred the matter to Larger Bench on 03.01.08
<b>EDLI</b>			
Rane (Madras) Limited v/s 1. The Central Provident Fund Commissioner. 2. The Regional Provident Fund Commissioner. The retrospective cancellation of exemption of EDLI for omission to include trainees in the master policy of LIC.	179/-	High Court, Madras WP No.18985 of 2006 and MP Nos. 1&2 of 2006	The matter is pending.

**Rane TRW Steering Systems Limited**

Brief Particulars	Claim amount (Rs. '000)	Court/Forum/ Case number	Current Status
Rane TRW Steering Systems Limited v/s Assistant Commissioner of Central Excise SCN to pay service tax on technical know how fees and royalty paid to Joint Venture partner.	1678 /-	CESTAT, Chennai. Appeal No. [86/2003]	The matter is pending for orders.

Brief Particulars	Claim Amount (Rs.)	Court / Forum / Case Number	Current Status
Rane TRW Steering Systems Limited v/s Assistant Commissioner of Central Excise SCN as to why interest payable on differential duty reversed by the company should not be recovered. .	262/-	CESTAT, Chennai.  Appeal No. [755/2006]	The matter is pending before the Tribunal.
Commercial Tax Officer, Puddukottai v/s Rane TRW Steering Systems Limited Rejection of sales return claimed. AY 1999-00 AY 2000-01	344/- 277/-	Sales Tax Appellate Tribunal, Chennai (1&2/2008)	The matter is pending before the tribunal
Rane TRW Steering Systems Limited v/s The Regional Provident Fund Commissioner SCN alleging non-payment of provident fund on leave salary.	107/-	Provident Fund Tribunal, New Delhi  (WP No 6418/04)	Deposit has been paid. The matter is yet to be heard by the Tribunal.

**Rane NSK Steering Systems Limited**

Brief Particulars	Claim Amount (Rs in '000)	Court/Forum/ Case number	Current Status
<b>Central Excise Cases</b>  Rane NSK Steering Systems Ltd v/s Superintendent of Central Excise  Excise duty claimed on cash discount on the invoice Sep 2002-March 2006 April 2006 - December 2006 January 2007 - June 2007	1529/- 419/- 371/-	Superintendent of Central Excise  1.C.NO:V/15/87/57/2005 CX 2.C.NO.V/15/87/06/07-ADJ 3.C.No.V/15/87/67/2007 -Adj	Awaiting Orders
Rane NSK Steering Systems Ltd v/s Superintendent of Central Excise  Interest on supplementary invoice		Superintendent of Central Excise -1.C.NO:V/15/87/57/2006-ADJ 2.C.NO:V/15/87/55/2005 - ADJ	The company has filed a reply. The matter is pending

Brief Particulars	Claim Amount (Rs.)	Court / Forum / Case Number	Current Status
<b>Service Tax Cases</b> Rane NSK Steering Systems Ltd v/s Superintendent of Central Excise  Disallowance of Service Tax credit availed on freight outward	390/-	Superintendent of Central Excise  C.NO.V/15/39/2006	The company has filed a reply. The matter is pending
Rane NSK Steering Systems Ltd v/s Superintendent of Central Excise  Disallowance of general abatement of 75% claimed on transport bills	397/-	Superintendent of Central Excise	The company has filed a reply. The matter is pending
<b>Excise Preventive Case</b> Rane NSK Steering Systems Limited v/s Commissioner of Central Excise (Appeals), Chennai  Disallowance of: (a) Cenvat credit availed on inputs used for destructive testing  (b) Cenvat credit availed on tools lying at sub-contractors end  (c) Demand for interest and penalty equivalent to 25%ED involved	719/-  496/-  611/-	CESTAT, Chennai	The matter is pending hearing

**Promoters and Directors of the Company**

Civil case filed against Mr L Ganesh in respect of 0.42 acre of land purchased in Kodaikanal from Mr V Rajendran, Attuvampatti, Vilapatti Village, Kodaikanal Taluk, Dispute regarding title of the property to Mr V Rajendran. Decree awarded against Mr V Rajendran and Mr L Ganesh by sub-ordinate Judge, Dindigul. Appeal filed by Mr L Ganesh is pending at District Sessions Judge, Dindigul. Value of the property as per the sale deed executed in favour of Mr L Ganesh on 22.03.1990, Rs.42,000.

**GOVERNMENT APPROVALS**

The Company has received the necessary permissions and approvals from the Government and various Government agencies for the existing activities as detailed hereunder:

<b>IEC CODE No.</b>		<b>489012647</b>		
<b>Permanent Account Number</b>		<b>AAACT1279M</b>		
<b>LOCATION</b>	<b>Excise Regn No.</b>		<b>Local ST Regn No./ VAT TIN No.</b>	<b>CST No.</b>
	<b>Manufacturing A/c</b>	<b>Dealer A/c</b>		
Alandur, Chennai	AAACT1279MXM001	--	33120721657	954061
Medchal, AP	AAACT1279MXM008	--	28489937020	28489937020
Madhavarm, Ponneri	AAACT1279MXM003	--	33120721657	954061
Aziz Nagar, AP	AAACT1279MXM005	--	28489937020	28489937020
Pudukottai District, TN	AAACT1279MXM009	--	33120721657	954061
Gurgaon Depot	AAACT1279MXM002	AAACT1279MXD001	06621931660	06621931660
Pune Depot	AAACT1279MXM004	AAACT1279MXD002	27830642941V	27830642941C
Hyderabad Depot	AAACT1279MXM007		28489937020	28489937020
Chennai Depot	AAACT1279MXM001		33120721657	954061

No further approvals from any Government authority/Reserve Bank of India (RBI) are required by the Company to undertake the existing activities, save and except those approvals, which may be required to be taken in the normal course of business from time to time.

The Central Government / RBI accepts no responsibility for the financial soundness or correctness of the statements made in this Information Memorandum.

**OTHER REGULATORY DISCLOSURES****Authority For Listing**

The Honorable High Court of Madras, vide its Order dated December 20, 2007 has approved the Composite Scheme of Demerger, Merger and Amalgamation between Rane Engine Valves Limited (Demerged Company 1), Rane Brake Linings Limited (Demerged Company 2), Techcons Limited (Resulting Company 1 –hereinafter referred as Rane Engine Valve Limited), Rane Brake Products Limited (Resulting Company 2 – hereinafter referred as Rane Brake Lining Limited) and Rane Holdings Limited (Transferee Company) whereby the entire manufacturing undertaking of EREVL has been transferred to and vested with Rane Engine Valve Limited w.e.f. April 01, 2007 (i.e. the Appointed Date under the Scheme) under Section 391 read with Section 394 of the Companies Act, 1956. In accordance with the said Scheme, the Equity Shares of Rane Engine Valve Limited issued pursuant to the Scheme shall, subject to applicable regulations, be listed and admitted to trading on Madras Stock Exchange Limited (MSE), National Stock Exchange of India Limited (“NSE”) and The Bombay Stock Exchange Limited (“BSE”). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of MSE, NSE and BSE for such issues and also subject to such other terms and conditions as may be prescribed by MSE, NSE and BSE at the time of the application by the Company seeking listing.

The aforesaid Order of the Hon’ble High Court of Madras was filed by the Company with the Registrar of Companies (“RoC”), Tamil Nadu, Chennai, on February 6, 2008 and the Scheme became effective from the appointed date i.e. April 01, 2007.

**Eligibility Criterion**

There being no Initial Public Offering or Rights Issue, the eligibility criteria in terms of Clause 2.2.1 of SEBI (DIP) Guidelines, 2000 is not applicable. However, the company has made the application through National



Stock Exchange of India Limited to SEBI for relaxation from the applicability of the provisions of Regulation 19(2)(b) of Securities Contract (Regulations) Rules, 1957 under Clause 8.3.5 of SEBI (DIP) Guidelines, 2000. The Company will be submitting its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to MSE, NSE and BSE for making the said Information Memorandum available to public through their websites viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The Company has made the said Information Memorandum available on its website viz. [www.rane.co.in](http://www.rane.co.in)

The Company will publish an advertisement in the newspapers containing its details in line with the details required as per clause 8.3.5.4 of SEBI (DIP) Guidelines. The advertisement will draw a specific reference to the availability of aforesaid Information Memorandum on its website.

#### **Prohibition by SEBI**

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

#### **Caution**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

#### **Disclaimer Clause of the MSE**

As required, a copy of this Information Memorandum has been submitted to MSE. MSE has vide its letter ref. MSE / SO / LD / 738 / 581 / 07 dated October 24, 2007, conveyed their no-objection to the Composite Scheme of Demerger, Merger and Amalgamation under clause 24(f) of the Listing agreement and by virtue of that approval MSE's name in this Information Memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed has been incorporated. It is to be distinctly understood that the aforesaid permission given by MSE should not in any way be deemed or construed to mean that this Information Memorandum has been cleared or approved by MSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that this Company's securities will be listed or will continue to be listed on the MSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the MSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter ref. NSE/LIST/58142-X dated October 12, 2007, conveyed their no-objection to the Composite Scheme of Demerger, Merger and Amalgamation under clause 24(f) of the Listing agreement and by virtue of that approval NSE's name in this Information Memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed has been incorporated. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Information Memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or



in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Disclaimer Clause of BSE**

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter DCS / AMAL / AKS / 24(f) / 1594 / 2007-08 dated October 17, 2007 has approved the Composite Scheme of Demerger, Merger and Amalgamation under clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed has been incorporated.

The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents
- of this Information Memorandum; or
- warrant that this Company's securities will be listed or will continue to be listed
- on the BSE; or
- take any responsibility for the financial or other soundness of this Company, its
- promoters, its management or any scheme or project of this Company; and
- it should not for any reason be deemed or construed to mean that this Information
- Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Filing**

Copies of this Information Memorandum have been filed with MSE, NSE and BSE in due compliance.

**Listing**

Applications have been made to MSE, NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has already taken steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

**Demat Credit**

The Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form.

**Stock Market Data for Equity Shares of the company**

Equity Shares of the company are not listed on any stock exchanges. The company is seeking approval for listing of its shares through this Information Memorandum.

**Particulars Regarding Previous Public or Rights Issues During the Last Five Years**

The company has not made any previous public or rights issue during the last five years.

There is no issue of shares otherwise than for cash and there are no outstanding debentures and redeemable preference shares. There has been no revaluation of assets of the Company.

**Companies under the Same Management**

There are no listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 which made any public/rights issue other than the means mentioned under the "Financial Information of Group Companies"

There is no group company of having a negative net worth or under winding up or a sick company or under BIFR. Further, the Company has not disassociated from any company. Further, none of group companies have applied for striking off their name from the RoC.

**Outstanding debentures, bonds and redeemable preference shares and other instruments**

There are no outstanding debentures, bonds and redeemable preference shares.

**Stock Market Data for Equity Shares of the company**

Equity Shares of the company are not listed on any stock exchanges. The company is seeking approval for listing of its shares through this Information Memorandum.

**Mechanism evolved for redressal of Investor Grievances**

The Investors service committee was constituted to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner. The committee is comprised of the following directors:

1. Mr. L Lakshman - Chairman (Non Executive Director)
2. Mr. L Ganesh - Member (Executive Director)
3. Mr. C. Prabhakar - Member (Independent Director)

The company has appointed Mr. K Sankaranarayanan, Company Secretary as Compliance officer. He can be contacted at the following address:

Mr. K Sankaranarayanan  
'Maithri',  
132, Cathedral Road  
Chennai 600 086  
Ph : + 91 44 28112472  
Fax : + 91 44 28112449  
Email : investorservices@rane.co.in

**Change in auditors of the company during the last three years and reasons thereof**

There has been no change in the auditors of the company during the last three years

**Revaluation of Assets**

There has been no revaluation of assets of the Company.



**SECTION VII****MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION****Articles of Association****Issue of Share Certificates**

14. (1) Share Certificates shall be issued to every person whose name is entered in the register of members within three months after allotment or within one month after the receipt of the application for registration of the transfer or within such other period as the conditions of issue shall provide.
  - (2) Such certificates shall be issued in market lots and where certificates are issued either for more or less than the market lots, subdivision and/or consolidation will be done without charge.
  - (3) Every certificate shall be under the seal of the Company and shall specify the shares to which it relates and the amount paid up thereon.
  - (4) In respect of any share or shares held jointly by several persons, the delivery of the certificates to one of the several joint holders shall be sufficient delivery to all such holders.
15. If a share certificate is old, decrepit or worn out or where the cages for recording transfers have been fully utilised, new certificates in replacement of the same shall be issued without any charge. Where a share certificate is lost or destroyed, it may be replaced on payment of such fee not exceeding rupee one and on such terms, if any, as to evidence and indemnity and payment of out of pocket expenses incurred by the Company in investigating the evidence as the Directors think fit.

**Calls on Shares**

16. (a) The Directors may, from time to time, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors.
  - (b) A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Directors authorising such call was passed.
  - (c) A call may be revoked or postponed at the discretion of the Directors.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
18. If a sum called in respect of a share is not paid on or before the day appointed for the payment thereof, the holder or holders of the share, from whom the sum is due, shall pay interest upon the sum at the rate of 9 per cent (or any lesser rate which may from time to time be fixed by the Directors) per annum from the day appointed for the payment thereof to the time of actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
19. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any shareholder to the company in respect of his shares, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

20. (a) Any sum which, by the terms of issue of a share, becomes payable on allotment or at a fixed time, on account of the amount of the shares, shall be deemed to be a call duly made and payable on the date on which by the terms of issue, such sum becomes payable.
- (b) In case of non-payment of sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
21. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding 9 per cent, as may be agreed upon between the Directors and the member paying the sum in advance.

Provided that an amount paid up in advance of calls shall not in respect thereof, confer a right to dividends or to participate in profits.

### **Forfeiture of Shares**

22. If any shareholder fails to pay any money due from him in respect of any call made on a share on the day appointed for the payment thereof or any interest in respect of such call and any expense that may be incurred in connection therewith, the Directors may at any time thereafter and during such time as such money remains unpaid, serve a notice on him requiring payment of the money payable in respect of such share, call or interest and expenses incurred in connection therewith.
23. The notice shall name a day not earlier than the expiration of 14 days from the date of service of the notice on or before which day the payment required by the notice is to be made and shall state that in the event of non-payment on or before the day so named the share or shares in respect of which the notice is issued will be liable to be forfeited.
24. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect, and notice of the forfeiture shall be given to the holder of such share.
25. Every share, which shall be so declared forfeited, shall thereupon be the property of the Company and may at any time thereafter be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors think fit.
26. The forfeiture of any share shall involve the extinction at the time of the forfeiture of all interest in, and also of all claims and demands against the Company in respect of the share and all dividends and bonuses payable in respect thereof and also all other rights incident to the shares.
27. A person whose shares have been forfeited shall cease to be a shareholder in respect of the shares so forfeited but shall notwithstanding the forfeiture remain liable to pay to the Company all money which at the date of forfeiture remains payable by him to the company in respect of the shares.
28. (a) A duly verified declaration in writing that the declarant is a Director or the secretary of the Company, and that a share or shares in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share or shares.
- (b) The Company may receive the consideration, if any given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (c) The transferee shall thereupon be registered as the holder of the share.

(d) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

29. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time on account of the amount of the shares as if the same had been payable by virtue of a call duly made and notified.

### **Surrender of Shares**

30. The Directors may accept on behalf of and for the benefit of the Company a surrender of any shares liable to forfeiture and so far as the law permits of any other shares on such terms as they think fit provided that no part of the assets of the Company shall be employed in the purchase of the Company's shares.

### **Lien on Shares**

31. The company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 11 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the company's lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

32. The Company may sell, in such manner as the Board thinks fit, any shares on which the company has lien:

Provided that no sale shall be made –

- (a) Unless a sum in respect of which the lien exists is presently payable.

or

- (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

33. (a) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(b) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(c) The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

34. (a) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(b) The residue, if any, shall, subject to a lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

### **Transfer and Transmission of Shares**



35. The Company shall keep a book to be called “The Register of Transfers” and therein shall be legibly and distinctively entered the particulars of every transfer or transmission of any share of the Company.
- 36 (a) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (b) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
37. Shares in the capital of the Company shall be transferred by an instrument of transfer in writing signed by the Transferor and the Transferee, duly stamped and such instrument of transfer shall be in the prescribed form and shall in all respects comply with the provisions of Section 108 of the Companies Act and the rules prescribed there under and any amendments thereof.

Nothing contained in this article shall apply to transfer of shares effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

38. The Board may, subject to the right of appeal conferred by Section 111 of the Companies Act, decline to register :
- (a) the transfer of a share, not being a fully-paid share, to a person of whom they do not approve
- or
- (b) any transfer of shares on which the company has a lien.
39. Provided that the registration of a transfer shall not be refused on the grounds that the transferor is either alone or jointly with any other person or persons indebted to the company on any account whatsoever.
40. The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than forty-five days in any year.
41. On giving not less than seven days previous notice by some newspaper circulating in the district in which the office is situate, the Transfer Books and Register of Members may be closed during such time as the Directors think fit, not exceeding in the whole forty five days in each year, but not exceeding thirty days at a time.

#### **Transmission of Shares**

42. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (2) Nothing in sub-clause (1) shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
43. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject to hereinafter provided, elect, either—
- (a) to be registered himself as holder of the share
- or
- (b) to make such transfer of the share as the deceased or insolvent member could have made.

- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
44. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations relating to the right of transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
45. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

The Company shall incur no liability or responsibility whatsoever in consequence of registering or giving effect to any transfer of share made or purporting to be made by any apparent legal owner thereof to the prejudice of persons having or claiming any equitable right, title or interest to, or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to attend or give effect to any notice which may be given to them of any equitable right, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

46. Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in depository so far as they are applicable to shares held in physical form subject to the provisions of the Depositories Act, 1996 or such other regulations for the time being in force.
47. Notwithstanding anything contained in these Articles of Association, the company shall be entitled to dematerialise shares including preference shares, debentures and other securities pursuant to the Depositories Act, 1996 and, to offer its shares, debentures and other securities for issue in dematerialised form. The company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.
48. Notwithstanding anything contained herein, in the case of transfer of shares whether preference and or equity or other marketable securities, where the company has not issued certificates and where such shares or securities are being held in electronic and fungible form; the provisions of Depositories Act, 1996 shall apply.

49. A Register of Index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996 shall be deemed to be an Index of Members and Register of Debentureholders, as the case may be, for the purpose of the Act.

### **Alteration of Capital**

58. (1) The Company may, from time to time, by ordinary resolution increase the share capital by such sum to be divided into shares of such amount, as may be specified in the resolution.

(2) Without prejudice to any special rights or privileges to any existing shares in the capital of the company, the new shares may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting, resolving upon the creation thereof, shall direct and if no direction is given, as the Directors shall determine ; and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting.

- (3) The Company may, by ordinary resolution :-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares ;
  - (b) sub-divide its existing shares or any of them into shares of smaller amount than if fixed by the memorandum, subject, nevertheless, to the provision of clause (d) of sub-section (1) of Section 94 of the Companies Act ;
  - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
59. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law –
- (a) its share capital ;
  - (b) any capital redemption reserve fund ; or
  - (c) any share premium account.

### **Modification of Rights**

60. (1) If at any time the capital by reason of the issue of preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may be modified, abrogated or varied with the consent in writing by the holders of at least three-fourths of the issued shares of that class, or with the sanction of a resolution passed at a separate general meeting of the holders of shares of that class and supported by the votes of the holders of not less than three-fourths of that class of shares.
- (2) To every such separate general meeting the provisions of these regulations relating to general meetings shall mutatis mutandis apply.
- (3) The rights conferred upon the holders of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

**Votes of Members**

90. Subject to any rights or restrictions for the time being attached to any class or classes of shares –
- (a) on a show of hands, every member present in person shall have one vote, and
  - (b) on a poll, the voting rights of members shall be as laid down in Section 87.
91. In the cases of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
92. Any member, guardian or other person entitled under the transmission clause to transfer any share, may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that he shall satisfy the Directors of his right to transfer such shares or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
93. The vote of a member who is a lunatic, or idiot or a minor shall not be recorded except by his Committee, or legal curator or guardian respectively.
94. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
95. (1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (2) Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
96. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll ; and in default the instrument of the proxy shall not be treated as valid.
97. An instrument appointing a proxy shall be in either of the forms in schedule IX to the Act or a form as near thereto as circumstances admit.
98. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given.
- Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.
99. The Chairman of the meeting shall be the sole judge of the validity of every vote tendered at such meeting, and shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy or power of attorney and that the same has not been revoked.

**Dividends and Reserve**

137. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

138. The Board may from time to time pay to the members such interim dividends as appear to it, to be justified by the profits of the Company.
139. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board be applicable for any purpose to which the profits of the Company may be properly applied including provisions for meeting contingencies or for equalising dividends ; and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investment (other than shares of the company) as the Board may, from time to time think fit.
- (2) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
140. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends and subject to any specific provisions made in that behalf by the General Meeting sanctioning the dividend all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of the regulation as paid on the share.
- (3) Subject to any direction given in this behalf of the Company in General Meeting all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid ; but, if any share is issued in terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
141. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
142. (1) Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus, wholly or partly, by the distribution of specific assets ; and the Board shall give effect to the resolution of the Meeting.
- (2) Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient, and in particular may issue fractional certificate and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Board.
143. (1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such persons and to such address as the joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
144. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.





## INFORMATION MEMORANDUM



145. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
146. (1) No dividend shall bear interest against the Company.
- (2) Unclaimed dividends shall not be forfeited unless the claim thereto becomes barred by the expiry of six years.



**SECTION VIII**

**XIX. DOCUMENTS FOR INSPECTION**

1. Memorandum and Articles of Association of the Company
2. Certificate of incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai
3. Scheme of Demerger, Merger and Amalgamation for demerger and merger of the manufacturing undertaking of Rane Engine Valves Limited into the Company
4. Order of the Hon'ble High Court of Madras, dated December 20, 2007 sanctioning the Scheme of Demerger, Merger and Amalgamation under Section 391 read with Section 394 of the Companies Act, 1956.
5. Annual Reports of the Company for the year ended March 31, 2007, March 31, 2006 and March 31, 2005.

**XX. DECLARATION**

NO STATEMENT MADE IN THIS INFORMATION MEMORANDUM SHALL CONTRAVENE ANY OF THE PROVISIONS OF THE COMPANIES ACT 1956 AND THE RULES MADE THEREUNDER. ALL THE LEGAL REQUIREMENTS AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC, ISSUED BY SEBI, GOVERNMENT OR ANY OTHER COMPETENT AUTHORITY IN RESPECT OF LISTING OF SECURITIES HAVE BEEN DULY COMPLIED WITH.

ALL THE INFORMATION CONTAINED IN THIS DOCUMENT ARE TRUE AND CORRECT.

**On behalf of the Board of Directors of RANE ENGINE VALVE LIMITED**

**L GANESH**  
**Chairman & Managing Director**

**K SANKARANARAYANAN**  
**General Manager – Finance & Secretary**

Date: 04.04.2008

Place: Chennai