



# Rane Engine Valve Limited

50<sup>th</sup> Annual Report 2021-22

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# FINANCIAL HIGHLIGHTS

## OPERATIONAL PERFORMANCE

(₹ in Crores)

FINANCIAL YEAR	FY 22	FY 21	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13
Total Income *	384.95	304.94	358.15	424.86	377.01	357.63	352.55	399.23	266.95	266.25
EBITDA	12.88	21.49	13.31	19.92	15.46	115.24	24.10	78.30	(8.38)	11.75
PBT	(15.01)	(9.70)	(25.29)	(20.49)	(21.13)	77.57	(17.66)	31.46	(43.56)	(18.92)
PAT	(11.86)	(6.09)	(16.34)	(13.57)	(17.06)	57.69	(12.54)	23.48	(29.09)	(12.61)

\* Total Income are net of excise duty, where applicable.

## KEY PERFORMANCE INDICATORS

FINANCIAL YEAR	FY 22	FY 21	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13
Earnings Per Share (₹)	(17.65)	(9.06)	(24.31)	(20.20)	(25.40)	85.86	(18.67)	34.94	(56.48)	(24.47)
ROCE (%)	(3.17)	(0.69)	(6.38)	(4.08)	(5.44)	35.93	(1.40)	18.60	(14.10)	(4.59)
RONW (%)	(11.72)	(5.63)	(13.71)	(10.12)	(11.33)	43.86	(11.48)	26.32	(37.56)	(12.83)

## BALANCE SHEET \*\*

(₹ in Crores)

FINANCIAL YEAR	FY 22	FY 21	FY 20	FY 19	FY 18	FY 17	FY 16	FY 15	FY 14	FY 13
Equity Share Capital	6.72	6.72	6.72	6.72	6.72	6.72	6.72	5.15	5.15	5.15
Shareholders' funds	97.16	105.16	110.99	127.31	140.98	160.05	102.95	115.52	62.91	92.00
Non current Liabilities	48.31	68.16	47.93	49.35	44.30	36.59	68.67	68.88	80.51	66.45
Current Liabilities	166.12	128.94	143.59	166.42	135.09	109.68	137.90	158.45	106.35	92.63
Non current assets	136.00	137.36	149.52	161.89	160.88	164.08	186.44	195.66	168.86	167.04
Current assets	175.59	164.90	153.00	181.19	159.49	142.25	123.07	147.19	80.91	84.04

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

### Note :

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

## CORPORATE INFORMATION

### Board of Directors

L Ganesh, Chairman  
Harish Lakshman, Vice Chairman  
Ashok Malhotra  
Anil Kumar Venkat Epur  
Dr. Brinda Jagirdar  
C N Srivatsan

### Audit Committee

C N Srivatsan, Chairman  
L Ganesh  
Ashok Malhotra  
Dr. Brinda Jagirdar

### Stakeholders' Relationship Committee

Ashok Malhotra, Chairman  
C N Srivatsan  
L Ganesh

### Nomination and Remuneration Committee

Ashok Malhotra, Chairman  
C N Srivatsan  
Harish Lakshman

### Corporate Social Responsibility Committee

L Ganesh, Chairman  
Harish Lakshman  
C N Srivatsan

### President & Manager

Murali K Rajagopalan

### Senior Vice President - Finance & Chief Financial Officer

V K Vijayaraghavan

### Secretary

Vivekanandaa M

### Listing of Shares on

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

### Statutory Auditors

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

### Secretarial Auditors

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

### Cost Auditors

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

### Bankers

HDFC Bank Limited, Chennai  
Federal Bank Limited, Chennai  
Standard Chartered Bank, Chennai  
IndusInd Bank Limited, Chennai  
Yes Bank Limited, Chennai

### Registered Office

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

### Head Office

2nd floor, ESPEE IT PARK,  
Developed Plot No.5(NP),  
Jawaharlal Nehru Road, Ekkatuthangal, Guindy,  
Chennai 600 032

### Plants

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

### Registrar and Transfer Agent

Integrated Registry Management Services  
Private Limited  
"Kences Towers", 2nd Floor,  
No.1, Ramakrishna Street, North Usman Road,  
T.Nagar, Chennai- 600 017  
Fax: +91-44-28142479  
Email: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)  
Website: [www.integratedindia.in](http://www.integratedindia.in)

## Rane Engine Valve Limited

CIN: L74999TN1972PLC006127

Registered Office: "Maithri", No. 132, Cathedral Road, Chennai - 600 086

Phone: 044-28112472/73

E-mail: [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com), website: [www.ranegroup.com](http://www.ranegroup.com)

### NOTICE TO MEMBERS

NOTICE is hereby given that the **Fiftieth (50<sup>th</sup>) Annual General Meeting of Rane Engine Valve Limited** will be held on Tuesday, June 28, 2022 at 10:00 hours (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

#### ORDINARY BUSINESS:

1. **To consider and adopt the Audited Financial Statement of the Company for the year ended March 31, 2022, together with the reports of the Board of Directors and the Auditor thereon**

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that the Audited Financial Statement of the Company for the year ended March 31, 2022, together with the reports of the Board of Directors and the Auditor thereon, as circulated to the members and presented to the meeting be and are hereby adopted."

2. **To appoint a Director in the place of Mr. Ganesh Lakshminarayan (DIN: 00012583), who retires by rotation and being eligible, offers himself for re-appointment**

To consider passing the following as an **ordinary resolution**:

"Resolved that Mr. Ganesh Lakshminarayan (DIN: 00012583), who retires by rotation under article 117 and 119 of the Articles of Association of the Company and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

3. **To approve re-appointment of Statutory Auditors**

To consider passing the following as an **ordinary resolution**:

"Resolved that pursuant to Section 139, 141 and 142 of the Companies Act, 2013 M/s. Varma and Varma, Chartered Accountants (Firm Registration No. 004532S) be and are hereby re-appointed for a second term of five consecutive years as statutory auditors of the Company, to hold office from the conclusion of this fiftieth Annual General Meeting until the conclusion of the fifty fifth Annual General Meeting on such terms and conditions including remuneration as may be determined by the Board of Directors of the Company and reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

#### SPECIAL BUSINESS:

4. **To ratify remuneration of Cost Auditor for FY 2021-22**

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹2,25,000/- (Rupees Two Lakhs and Twenty Five Thousand only) excluding applicable taxes, reimbursement of the travelling and other out of pocket expenses to M/s. Jayaram & Associates, Cost Accountants, represented by Mr. R Jayaram (Membership No. 26103), who were appointed as the Cost Auditors of the Company by the Board of Directors, to conduct audit of the cost records of the Company for the financial year ended 2021-22 be and is hereby ratified and confirmed.

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

5. **To appoint Mr. Ramesh Rajan Natarajan (DIN:01628318) as an Independent Director**

To consider passing the following resolution as a **special resolution**:

"Resolved that pursuant to Section 149, 150, 152 read with Schedule IV and such other applicable provisions of the Companies Act, 2013 (the "Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Ramesh Rajan Natarajan (DIN:01628318), appointed as an Independent Director of the Company, not liable to retire by rotation, in terms of section 149 of the Act read with Articles of Association of the Company, to hold office for a term of five consecutive years with effect from June 28, 2022, up to the conclusion of Fifty Fifth Annual General Meeting or June 27, 2027, whichever is earlier, in accordance with the policy of the Company applicable to Board of Directors from time to time."

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

Chennai  
May 16, 2022

**Vivekanandaa M**  
Secretary

Registered Office:

**Rane Engine Valve Limited**

"Maithri", No. 132, Cathedral Road,  
Chennai - 600 086

CIN: L74999TN1972PLC006127

[www.ranegroup.com](http://www.ranegroup.com)

## NOTES:

1. The 50<sup>th</sup> AGM of the Company is being conducted through VC/OAVM facility, in compliance with General Circular No. 02/2022 dated May 05, 2022 read with previous circulars issued by the Ministry of Corporate Affairs ('MCA Circulars') and the provisions of the Act which does not require physical presence of Members at a common venue. The deemed venue for the 50<sup>th</sup> AGM shall be the Registered Office of the Company. The Company has engaged Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means i.e., remote e-voting and voting at the AGM.
2. In terms of Section 102 of the Companies Act, 2013 and Secretarial Standard on General Meetings (SS-2), an explanatory statement setting out the material facts concerning business to be transacted at the AGM is annexed and forms part of this Notice.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. **Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
4. Corporate members intending to send their authorized representatives to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting are requested to send to the Company a certified copy of the board resolution authorizing their representative to the registered email address of the Company i.e., [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com).
5. The cut-off date for the purpose of determining eligibility of members for voting in connection with the Fiftieth AGM has been fixed as **Tuesday, June 21, 2022**.
6. Pursuant to the relevant provisions of the Companies Act, 2013, dividend, which remained unclaimed/unpaid for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such dividend are also liable to be transferred to the demat account of the IEPF Authority.
7. Members may also note that the notice of the Fiftieth AGM and the annual report 2022 will be available in the Investors section on the Company's website [www.ranegroup.com](http://www.ranegroup.com).
8. Listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the shareholders, in terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Accordingly, shareholders holding securities in demat mode are requested to update their bank details with their depository participants. Shareholders holding securities in physical form may send a request updating their bank details to the company's Registrar and Transfer Agent.
9. Members holding shares in dematerialized form are requested to notify any change in their addresses, bank details or e-mail address with their respective DP and those holding shares in physical form are requested to notify the RTA at the following address:
 

**M/s. Integrated Registry  
Management Services Private Limited**  
SEBI Registration No. INR000000544  
2nd Floor, "Kences Towers",  
No.1, Ramakrishna Street,  
North Usman Road, T Nagar,  
Chennai - 600 017  
e-mail ID: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)  
Phone: 044 2814 0801-803
10. The Securities and Exchange Board of India (SEBI) has recently mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from January 01, 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after April 01, 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at [https://ranegroup.com/forms\\_download#forms](https://ranegroup.com/forms_download#forms).
11. As per SEBI norms, with effect from January 25, 2022, all transmission/transfer requests including issuance of duplicate share certificates are mandatorily to be processed in dematerialised form only.
12. In compliance with the aforesaid MCA Circular dated May 05, 2022 and SEBI circular dated May 13, 2022, the Notice of the AGM along with the Annual Report 2022 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2022 will also be available on the Company's website [www.ranegroup.com](http://www.ranegroup.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com).
13. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

14. Information pursuant to regulations 36 (3) & (5) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) with respect of the Directors seeking appointment / re-appointment and auditors re-appointment, as the case may be, at the AGM are furnished in the Annexure to this Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
15. Members seeking any information with regard to any matters to be placed at the AGM, are requested to write well in advance to the Company on [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com). The same will be replied by the Company suitably.
16. Since the AGM will be held through VC/OAVM, the route map is not annexed in this notice.
17. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and SEBI LODR, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services.
  - (i) The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") and for e-voting during the meeting will be provided by Central Depository Services (India) Limited (CDSL e-Voting System).
  - (ii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of 'remote e-voting'.
  - (iii) Mr. Balu Sridhar, Practicing Company Secretary (ICSI Membership no. FCS 5869), Partner, M/s. A.K. Jain & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the 'remote e-voting' process and voting at the AGM, in a fair and transparent manner.
  - (iv) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.ranegroup.com](http://www.ranegroup.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after

the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges where the Company's shares are listed.

**THE INSTRUCTIONS TO SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

- (i) The voting period begins on Saturday, June 25, 2022 and ends on Monday, June 27, 2022. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, June 21, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

CDSL	NSDL
1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will

CDSL	NSDL
	be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.	2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> . Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a>
3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.	

#### Individual Shareholders (holding securities in demat mode) login through their Depository Participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 022-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on "Shareholders" module.



- c) Now enter your User ID
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - iii. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- d) Next enter the Image Verification as displayed and Click on Login.
- e) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- f) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.</li> </ul>
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR	
Date of Birth (DOB)	<ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the

details can be used only for e-voting on the resolutions contained in this Notice.

- (ix) Click on the EVSN for the relevant Company on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Additional Facility for Non - Individual Shareholders and Custodians - For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized

signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS TO SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

- (i) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- (ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- (iii) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- (iv) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (v) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (vii) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance between from **Thursday, June 23, 2022 to Saturday, June 25, 2022** by mentioning their name, demat account number/folio number, email id, mobile number to [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com). The shareholders who do not wish to speak during the AGM but have queries may too send their queries in the above manner.
- (viii) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- (ix) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

- (x) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending the meeting & e-voting on the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact the toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 1800 22 55 33.

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

Chennai  
May 16, 2022

**Vivekanandaa M**  
Secretary

**Registered Office:**  
**Rane Engine Valve Limited**  
Maithri", No. 132, Cathedral Road,  
Chennai - 600 086  
CIN: L74999TN1972PLC006127  
[www.ranegroup.com](http://www.ranegroup.com)

# EXPLANATORY STATEMENT

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

## Item 3:

The shareholders may recall that M/s. Varma & Varma, Chartered Accountants were appointed as Statutory Auditors at the 45<sup>th</sup> AGM held on August 21, 2017, for a period of five consecutive years and hold office till the conclusion of the 50<sup>th</sup> AGM.

M/s. Varma & Varma are registered with The Institute of Chartered Accountants of India (ICAI) and have audit experience across various industries sectors including banks, listed corporates, cross border entities etc. including automotive companies. The Audit Committee and Board of Directors have reviewed the performance and effectiveness as statutory Auditors of the Company and found that they continued to demonstrate the necessary professional experience, expertise and technical competencies. The Audit Committee and the Board of Directors are of the opinion that it would be in the best interest of the Company to re-appoint them as Statutory Auditors for a second term of 5 consecutive years commencing from the conclusion of the 50<sup>th</sup> AGM till the conclusion of the 55<sup>th</sup> AGM at a remuneration of ₹20 lakhs per annum and on such terms and conditions including any revision as may be decided by the Board from time to time.

None of the other Directors and Key Managerial Personnel (KMP) of the Company and their relatives is concerned or interested, financially or otherwise, in the above resolutions except to the extent of their shareholding, if any, in the Company. The Board recommends passing of the resolution as set out at item no.3 of this notice as an **ordinary resolution**.

## Item No.4

In terms of the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the cost records of the Company. Based on the recommendation of the Audit Committee, the Board of Directors of the Company had approved the appointment of M/s. Jayaram & Associates, Cost Accountants, as the Cost Auditor of the Company for the financial year 2021-22 on a remuneration of ₹2,25,000/- per annum excluding applicable taxes, reimbursement of out of pocket expenses incurred, if any, in connection with the cost audit. The remuneration of the Cost Auditor is required to be ratified by the members in accordance with the provisions of the Act and Rule 14 of the Rules.

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

## Item No. 5

The Board of Directors had based on recommendations of the Nomination and Remuneration Committee (NRC) proposed to appoint Mr. Ramesh Rajan Natarajan (DIN:01628318) as an Independent Director pursuant to Sections 149, 150 and 152 read with other relevant provisions of the Companies Act, 2013 (the 'Act'), for a period of five consecutive years effective from June 28, 2022 to June 27, 2027 or until the conclusion of fifty fifth Annual General Meeting, whichever is earlier.

Mr. Ramesh Rajan Natarajan is a Fellow member of the Institute of Chartered Accountants of India. He was the Executive Director / Partner for Global Assurance of PwC International and is the Founder and Senior Partner of Leap Ridge Advisors LLP. Mr. Ramesh Rajan Natarajan also currently serves as Director on the Board of TTK Healthcare Limited, Cholamandalam Investment and Finance Company Limited, Kineco Limited, Indo-National Limited and Rane (Madras) Limited.

At the time of recommendation, the NRC evaluated the balance of skills, knowledge and experience on the Board, and on the basis of such evaluation, prepared a description of the role and capabilities required of the Independent Director.

His role as an independent director requires skills, competence and expertise on industry, technology, business development, governance and allied disciplines in the context of automotive business.

His professional experience and expertise in fields of finance, strategy, operations and allied disciplines besides governance practises meets the required skills.

Also considering his rich knowledge, experience and fulfilment of the various criteria for appointment as an Independent Director as specified in the Act, SEBI LODR, policies of the Company and based on the recommendations of the NRC, the Board of Directors recommends to the members that the appointment Mr. Ramesh Rajan Natarajan would be beneficial to the Company.

Mr. Ramesh Rajan Natarajan is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from him that he meets with the criteria of independence as prescribed both under Section 149(6) of the Act and provisions of SEBI LODR. He has also registered with the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) and is exempted from the requisite proficiency test.

In the opinion of Board, Mr. Ramesh Rajan Natarajan fulfils the conditions for appointment as an Independent Director as specified in the relevant provisions of the Act and SEBI LODR and he is independent of management of the Company.

Other information relating to his appointment in accordance with Secretarial Standard - SS-2 and 36(3) of SEBI LODR is annexed to the Notice.

The terms and conditions of appointment as an Independent Director is available for inspection by members at the registered office of the Company between 10:00 hrs to 12:00 hrs up to the date of AGM and also on the investor section of website of the Company [www.ranegroup.com](http://www.ranegroup.com). His appointment will also be governed by the policy of the Company applicable to the Board of Directors.

None of the other Directors and KMP of the Company and their relatives are concerned or interested, financial

or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company. The Board recommends passing the resolution as set out at item no.5 as **special resolution**.

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

Chennai  
May 16, 2022

**Vivekanandaa M**  
Secretary

**Registered Office:**  
**Rane Engine Valve Limited**  
Maithri", No. 132, Cathedral Road,  
Chennai - 600 086  
CIN: L74999TN1972PLC006127  
[www.ranegroup.com](http://www.ranegroup.com)

### Annexure to the NOTICE dated May 16, 2022

Information about directors seeking re-appointment / appointment at the 50<sup>th</sup> Annual General Meeting in compliance with Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2).

Name of the Director	Mr. Ganesh Lakshminarayan	Mr. Ramesh Rajan Natarajan
<b>I. Brief Resume</b>		
Age (in years)	68	64
DIN	00012583	01628318
Father's Name	Mr. L L Narayan	Mr. Justice Natarajan Sivasankar
Date of Birth	March 18, 1954	July 05, 1957
Educational Qualifications	B.Com., ACA and MBA from Pennsylvania State University, USA	B.Com - Madras University, FCA
Experience	Mr. L Ganesh has over 46 years of industrial experience in and overall management of the companies. He has held several positions of high responsibilities with various industry forums and had been the President of Automotive Component Manufacturers Association of India and Chairman of Confederation of Indian Industry, Southern Region. He continues to be an honorary consul for New Zealand in South India.	Mr. Ramesh Rajan Natarajan is a Fellow member of the Institute of Chartered Accountants of India. He was the Executive Director / Partner for Global Assurance of PwC International and is the Founder and Senior Partner of LeapRidge Advisors LLP.
Nature of expertise	Industrial, technical and operational expertise in automotive and driving business across geographies, governance practices and expertise in allied disciplines.	Professional experience and expertise in fields of finance, strategy, operations and allied disciplines besides governance practises.
<b>II. Other details</b>		
Date of Appointment	March 29, 1999	June 28, 2022
Terms and Conditions of appointment	Re-appointed as a Non-Executive Director, liable to retire by rotation.	Proposed to be appointed as non-executive Independent Director per resolution at item no. 5 of the Notice convening fiftieth Annual General Meeting on June 28, 2022 read with explanatory statement thereto
Last drawn remuneration	Sitting fee for FY 21-22 of ₹1,70,000/-	NA

Name of the Director	Mr. Ganesh Lakshminarayan	Mr. Ramesh Rajan Natarajan
Remuneration sought to be paid	No approval sought for payment of remuneration. Continues to be entitled to Sitting fee for attending meetings of the Board and Committees thereof.	He is entitled to receive sitting fees for attending meetings of the Board and Committees thereof.
Relationship with other Directors/ Manager/KMP	-	-
Other Directorships	<p><b>Chairman:</b> Rane Brake Lining Limited Rane (Madras) Limited Rane Holdings Limited ZF Rane Automotive India Private Limited (fka Rane TRW Steering Systems Private Limited) Rane NSK Steering Systems Private Limited Chennai Willingdon Corporate Foundation Chennai Heritage Foundation</p> <p><b>Director:</b> Sundaram Finance Limited</p>	<p><b>Chairman:</b> Indo-National Limited</p> <p><b>Director:</b> TTK Healthcare Limited Cholamandalam Investment and Finance Company Limited Kineco Limited Rane (Madras) Limited</p> <p><b>Designated Partner:</b> LeapRidge Advisors LLP</p>
Committee Memberships in other Boards	<p><b>Chairman:</b> <b>Audit Committee</b> Rane NSK Steering Systems Private Limited ZF Rane Automotive India Private Limited (fka Rane TRW Steering Systems Private Limited)</p> <p><b>Corporate Social Responsibility Committee</b> Rane Holdings Limited Rane Brake Lining Limited Rane (Madras) Limited ZF Rane Automotive India Private Limited (fka Rane TRW Steering Systems Private Limited) Rane NSK Steering Systems Private Limited</p> <p><b>Risk Management Committee</b> Rane Holdings Limited Rane Brake Lining Limited Rane (Madras) Limited</p> <p><b>Member:</b> <b>Audit Committee</b> Rane Holdings Limited Rane Brake Lining Limited Rane (Madras) Limited</p> <p><b>Stakeholders Relationship Committee</b> Rane Brake Lining Limited Rane Holdings Limited</p>	<p><b>Chairman:</b> <b>Audit Committee</b> Indo-National Limited Cholamandalam Investment and Finance Limited</p> <p><b>Stakeholders' Relationship Committee</b> Indo- National Limited</p> <p><b>Risk Management Committee</b> Indo- National Limited</p> <p><b>Corporate Social Responsibility Committee</b> Indo- National Limited</p> <p><b>Member:</b> <b>Audit Committee</b> Kineco Limited Rane (Madras) Limited</p> <p><b>Stakeholders' Relationship Committee</b> Rane (Madras) Limited</p> <p><b>Risk Management Committee</b> Cholamandalam Investment and Finance Limited TTK Healthcare Limited</p> <p><b>Nomination and Remuneration Committee</b> TTK Healthcare Limited Indo- National Limited Cholamandalam Investment and Finance Limited</p>
Last three years directorship	Independent Director EIH Associated Hotels Limited ** EIH Limited **	-
Number of meetings of the Board attended during the year	5	-
Number of equity shares held including joint holdings*	135	-

\*No Shares are held as beneficial owners in the Company by the appointees.

\*\*ceased to be director with effect from 07.03.2022

# REPORT OF THE BOARD OF DIRECTORS

Your Board of Directors hereby present to you the Fiftieth Annual Report covering the operational and financial performance together with the accounts for the year ended March 31, 2022 and other prescribed particulars:

## 1. State of Company's affairs

The financial year 2021-22 started with India facing a second wave of COVID-19 pandemic. The economy bounced back strongly with output reaching pre-pandemic levels on the back of buoyant government spending and pick up in investments post lifting of restrictions. The automotive and auto components industry faced supply chain challenges on the

back of semiconductor shortage, shipping and logistics constraints.

The Company scaled up the production in line with the demand and worked on several cost optimization measures to mitigate the inflationary environment. The Company continued to enhance its customer relationships and increased its business share across several customers.

### 1.1. Financial Performance

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

(₹ in Crores)

Particulars	2021-22	2020-21
Revenue from Operations	382.06	301.85
Other Income	2.89	3.09
Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	16.43	(0.74)
Less: Depreciation / Amortisation / Impairment	20.00	23.00
Profit / loss before Finance Costs, Exceptional items and Tax Expense	(3.57)	(23.74)
Less: Finance Costs	7.89	8.19
Profit / loss before Exceptional items and Tax Expense	(11.46)	(31.93)
Add / (less): Exceptional items	(3.55)	22.23
Profit / (loss) before Tax Expense	(15.01)	(9.70)
Less: Tax Expense (Current & Deferred)	3.15	3.61
Profit / (loss) for the year (1)	(11.86)	(6.09)
Other Comprehensive Income / loss (2)	0.11	0.13
<b>Total Comprehensive Income (1+2)</b>	<b>(11.75)</b>	<b>(5.96)</b>
Balance of profit / loss for earlier years	(35.85)	(29.89)
Less: Transfer to Reserves	-	-
Less: Dividend paid on Equity Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	(47.60)	(35.85)

The Key Performance Indicators (KPI), operational performance and summary on balance sheet are furnished in page no 1 of this annual report.

The net sales and operating revenue of the Company for the year 2021-22 was ₹382.06 crores as against ₹301.85 crores for the previous year. The Company incurred a net loss of ₹(11.86) crores as against ₹(6.09) crores in the previous year. The Earnings Per Share (EPS) for the year 2021-22 was ₹(17.65) as against ₹(9.06) in the previous year.

The Company continues to be a subsidiary of Rane Holdings Limited (RHL / Holding Company). There was no material change or commitments, affecting the financial position of the Company between the end of the financial year of the Company and date of the report

other than those disclosed in the financial statements section of this annual report. There was no change in the nature of business during the year.

### 1.2. Appropriation

The net deficit for the financial year 2021-22 stood at ₹(47.60) crores, after adjusting a deficit of ₹(35.85) crores brought forward from the previous financial year and adjustments of Other Comprehensive Income to the tune of ₹0.11 crores. The Board of Directors, taking into consideration, the operational performance, financial position of the Company and uncertainties faced by the automotive sector has decided not to declare / recommend any dividend, for the year under review.

### 1.3. Credit rating

The Company's financial management and its ability to service financial obligations in a timely manner, has been re-affirmed by CRISIL Limited for its credit facilities during the year under review and this has been disclosed to stock exchange and made available in the Company's website. The Corporate Governance section of this Annual Report carries the details of credit rating.

### 1.4. Share capital

During the year under review, there was no change in the paid up equity share capital of the Company and as at year ended March 31, 2022, the paid up equity capital of the Company stood at ₹6,71,89,920, consisting of 67,18,992 equity shares having face value of ₹10/- each fully paid up.

#### 1.4.1. Convertible warrants

In order to pursue capital expenditure programs, reduction of direct expenses and for repayment of loans, the Board considered it desirable to increase the equity capital base of the Company, which will also help the Company in reducing the debt position and achieve an optimum debt-equity ratio.

After a detailed review of the performance and business plans of the Company and after careful consideration of various options of fundraising, the Board of Directors had decided that it would be in the best interest of the Company in the long-term to increase the capital base of the Company, by about ₹15 crores, by way of preferential issue to the Promoter and Promoter Group of the company. Rane Holdings Limited (RHL), being the holding Company and the Promoter of the Company, agreed to infuse funds upto ₹15 crores into the Company by subscribing to equity shares or convertible securities of the Company.

The preferential issue of convertible warrants was approved by the shareholders vide postal ballot on February 24, 2022. RHL was issued and allotted 5,15,463 warrants on March 08, 2022 after receiving the warrant subscription price of ₹3.75 Crores (being 25% of the issue price), entirely for cash, convertible into equity shares in one or more tranches within a period of 18 months from the date of allotment. The funds were utilized for the purpose stated in the objects to the issue and there were no deviations thereof.

### 1.5. Management Discussion & Analysis

The business of your Company is manufacturing and marketing of auto components for transportation industry viz., engine valves, valve guide and tappet. The analysis on the performance of the industry, the Company, internal control systems, risk management are presented in the Management Discussion and Analysis report forming part of this report and provided in 'Annexure A'.

### 1.6. Subsidiaries, Associate and Joint Venture Companies

The Company does not have any subsidiary, associate or joint venture. There was no Company which has

become or ceased to be Company's subsidiary, Joint venture or associate during the financial year 2021-22.

## 2. Board of Directors, Committees and Management

### 2.1. Composition

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

The following were the changes in the composition of Board of Directors and its Committees:

- Mr. S Krishna Kumar (DIN: 00062582), Director of the company retired from the Board and its Committees as per the retirement policy of the Company, with effect from May 01, 2021.
- Mr. Lakshman Lakshminarayan (DIN: 00012554), Non - Executive Director, retired as per the retirement policy of the Company effective from the conclusion of the business hours on May 27, 2021. He has been associated with Rane group for over 5 decades and as Director for about 3 decades. He has been instrumental in steering the Rane Group during a very challenging and exciting phase in the automobile industry's evolution and transformation in India. The Board placed on record its appreciation for the valuable advice and guidance rendered by him during his tenure especially on various strategic matters. Consequent to his retirement, he ceased to be a member / chairman of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.
- The Shareholders at their 49<sup>th</sup> AGM approved the appointment of Mr. Anil Kumar Venkat Epur (DIN: 00202454) as an Independent Director with effect from May 19, 2021 to May 18, 2024.
- Mr. Ashok Malhotra (DIN: 00029017) & Mr. C N Srivatsan (DIN: 00002194) will be completing their second term as Independent Directors of the Company at the ensuing Annual General Meeting and will cease to hold office as per the provisions of the Companies Act, 2013. The Board placed on record its appreciation for their valuable advice and guidance rendered by them during their tenure.
- Mr. Ramesh Rajan Natarajan (DIN: 01628318) is proposed to be appointed as an Independent Director. His appointment as an Independent

Director of the Company has been recommended by the Nomination and Remuneration Committee and Board for approval of the shareholders of the Company at the ensuing Annual General Meeting.

The Board of Directors are of the opinion that the Director(s) proposed for appointment / re-appointment at the ensuing 50<sup>th</sup> AGM of the Company possess integrity, necessary expertise, relevant experience and proficiency and the Corporate Governance Report annexed to this report contains necessary disclosures regarding the Director(s).

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company and available at the web link: <https://ranegroup.com/rane-engine-valve-ltd-investors/#policies>

All the Directors have affirmed compliance with the Code of Conduct of the Company. The Independent Directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act, 2013 (Act) and Regulation 25 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended from time to time. Further, in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs (IICA) and have passed the proficiency test, if applicable to them. The Board of Directors at its first meeting of the FY 2021-22 has taken on record the declarations and confirmations submitted by the Independent Directors. During the year, the Board had not appointed any person as an Alternate Director for an Independent Director on the Board. The Company has obtained a certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

## 2.2. Retirement by rotation

Mr. Ganesh Lakshminarayan (DIN: 00012583) retires by rotation at the ensuing 50<sup>th</sup> Annual General Meeting (AGM), being eligible, he offers himself for re-appointment. The notice of the 50<sup>th</sup> AGM includes a proposal to this effect.

## 2.3. Board and Committee Meetings

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

/ its Committees may also accord approvals through resolutions passed by circulation, between two meetings.

## 2.4. Meeting of Independent Directors

A meeting of Independent Directors was held to assess the quality, quantity and timeliness of flow of information between the management and the Board. The Independent Directors expressed that the current flow of information and contents were good to effectively perform their duties.

## 2.5. Board evaluation

An annual evaluation of the performance of the Board, functioning of its committees, individual directors and the Chairman of the Board was carried out based on the criteria set by the Nomination and Remuneration Committee. A structured questionnaire was sent to all the directors seeking qualitative inputs and detailed comments on various parameters as recommended by the Nomination and Remuneration Committee.

Board diversity and skill set to review strategies, risk management dimensions and processes, flow of information, adequacy and timeliness of agenda materials, effectiveness of presentations and more importantly the processes of reviewing strategic matters, annual operating plan and strategic business plans were the key focus areas for evaluation of the Board and its Committee functioning.

Engagement with stakeholders, versatility in facilitating discussions and approach towards ensuring implementation of board action points were the areas on which the Board of Directors evaluated the performance of the Chairman.

Individual directors, including Independent Directors performance and contributions were evaluated through peer evaluation based on evaluation criteria determined by Nomination and Remuneration Committee. Contributions to board decisions and discussions and attributes like staying up to date on recent trends, being aware of macro level developments and networking skills were the areas considered for framing the evaluation criteria of directors besides commitment, competency and sectoral knowledge.

The Chairman after detailed consideration of all the feedbacks, comments and suggestions received from the directors, discussed with the Board a proposed action plan on matters requiring attention of the Board which inter-alia included matters relating to competitor analysis, technological & industrial trends, strategy and risk management. The evaluation framework includes mechanism to share evaluation feedback on individual directors to the Nomination and Remuneration Committee, wherever required.

## 2.6. Familiarisation program for Independent Directors

The details of familiarisation program for Independent Directors are available in the weblink <https://ranegroup.com/rane-engine-valve-ltd-investors/#policies>



## 2.7. Key Managerial Personnel

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

## 2.8. Remuneration policy

The policy contains criteria for determining positive qualifications, positive attributes, and independence of a Director and also covers aspects of remuneration which is reasonable and sufficient to attract, retain and motivate Directors / high potential employees of the Company to run successfully.

The policy on appointment and remuneration of Directors, KMP and Senior Management Personnel (SMP) as laid down by the NRC of the Board is available at the web-link at [https://ranegroup.com/revl\\_investors/policy-on-appointment-remuneration-of-directors-kmp-smp/](https://ranegroup.com/revl_investors/policy-on-appointment-remuneration-of-directors-kmp-smp/). There has been no change in this policy during the financial year 2021-22.

The details of remuneration paid / payable to the Directors during the financial year 2021-22 is furnished in the Corporate Governance report annexed to this report of the Board.

## 3. Audit and allied matters

### 3.1. Audit Committee

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

### 3.2. Statutory Auditor

The Statutory Auditors report to the members for the year ended March 31, 2022 does not contain any qualification, reservation, adverse remark or disclaimer. Also there has been no instance of fraud reported by the statutory auditors for the period under review.

M/s. Varma & Varma, Chartered Accountants (Varma & Varma) (Firm registration Number. 004532S) hold the office of statutory auditors as per the members' approval accorded at the 45<sup>th</sup> Annual General Meeting (AGM) held on August 21, 2017 till the conclusion of the 50<sup>th</sup> Annual General Meeting of the Company.

Based on the recommendations of the Audit Committee, the Board recommends the re-appointment of M/s Varma & Varma, Chartered Accountants, (Firm registration Number. 004532S), Chartered Accountants, as Statutory Auditors of the Company, for a second

term of five consecutive years commencing from 50<sup>th</sup> Annual General Meeting and to hold office upto the conclusion of the 55<sup>th</sup> Annual General Meeting of the Company. The appointment is subject to approval of the shareholders of the Company at the ensuing AGM. The notice convening the ensuing AGM includes the proposal for reappointment of statutory auditors.

### 3.3. Cost Audit & maintenance of cost records

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors, at their meeting held on July 22, 2021, had appointed M/s. Jayaram & Associates, Cost Accountants, represented by Mr. R Jayaram (Membership no. 26103) as Cost Auditor of the Company for the financial year 2021-22 as per the recommendations of the Audit Committee, after obtaining necessary certificate under Section 141 of the Act conveying his eligibility for re-appointment. In terms of Section 148(3) of the Companies Act, 2013 the remuneration as fixed by the Board, based on the recommendation of the Audit Committee, is required to be ratified by the members at the AGM in terms of Section 148(3) of the Act. The notice convening the ensuing AGM includes the proposal for ratification of the remuneration payable to the Cost Auditor. The Company maintains all such accounts and records as specified by the Central Government under section 148 (1) of the Companies Act, 2013.

### 3.4. Secretarial Auditor

M/s. S Krishnamurthy & Co., a firm of Company Secretaries in Practice, have been appointed by the Board of Directors in terms of Section 204 of the Companies Act, 2013 as Secretarial Auditors of the Company for the FY 2021-22. The Secretarial Audit report given in 'Annexure B' was taken on record by the Board of Directors at its meeting held on May 16, 2022. The report does not contain any qualification, reservation, adverse remark or disclaimer.

The Annual Secretarial Compliance report, (hereinafter referred to as 'compliance report'), for the FY 2021-22 issued by M/s. S Krishnamurthy & Co., confirms compliance with securities law applicable to the Company and the same has been taken on record by the Board of Directors at their meeting held on May 16, 2022. The compliance report does not contain any qualification, reservation, adverse remark or disclaimer and the Board has approved filing of the same with the stock exchanges.

### 3.5. Internal Auditor

M/s. Capri Assurance and Advisory Services, a firm of independent assurance service professionals, continues to be the Internal Auditor of the Company. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths

in all areas. Internal Auditor findings are discussed with the process owners and suitable corrective actions taken as per the directions of the Audit Committee on a regular basis to improve efficiency in operations. The Internal Auditor reports directly to the Audit Committee. The Audit Committee while reviewing their performance, scope, functioning, periodicity and methodology for conducting the Internal Audit, has taken into consideration their confirmation to the effect that their infrastructure viz., internal audit structure, staffing and seniority of the officials proposed to be deployed etc. are adequate and commensurate to the scope, functioning, periodicity and methodology for conducting the Internal Audit.

#### 4. Directors' responsibility statement

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

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

#### 5. Related Party Transactions (RPT)

All RPTs that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Related parties which requires approval

of the shareholders / which may have potential conflict with the interest of the Company at large.

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

The Company has put in place a proper system for identification and monitoring of such transactions. Save as disclosed in this report, none of the Directors or Key Managerial Personnel has any pecuniary relationships or transactions with the Company. During the year the policy on RPT was amended by the Board of Directors of the Company at their meeting held on January 25, 2022 to incorporate the changes to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy as approved by the Board is uploaded on the Company's website and is available at the weblink: <https://ranegroup.com/rane-engine-valve-ltd-investors/#policies>

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

#### 6. Corporate Social Responsibility (CSR)

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

Owing to the inadequacy of profits / loss during the immediately preceding three financial years, the Company was not required to spend towards CSR activities during FY 2021-22 as per Section 135 of the Companies Act, 2013 read with rules thereunder. Thus, there was no requirement for the CSR committee to consider any subject matter in this regard, during the year under review.

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

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

read with Rule 8 of the Companies (Accounts) Rules, 2014.

## 8. Corporate Governance Report

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

## 9. Particulars of Directors, Key Managerial Personnel and Employees

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

## 10. Risk Management

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

## 11. Other disclosures

- a. The details of loan, guarantees and investments, if any, under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.
- b. The Internal control systems and adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Directors Report.
- c. There was no significant / material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.
- d. The policies approved and adopted by the Board have been made available on the Corporate Governance section of the Investor page on the website of the Company viz. [www.ranegroup.com](http://www.ranegroup.com).
- e. The copy of the Annual Return is available on the website of the Company at [www.ranegroup.com](http://www.ranegroup.com).
- f. The Company has complied with the applicable secretarial standards viz., SS-1 on meetings of Board of Directors and SS-2 on General Meetings issued by Institute of Company Secretaries of India (ICSI) as per section 118(10) of the Companies Act, 2013.

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

No. of complaints received during the financial year - Nil
No. of complaints disposed off during the financial year - Nil
No. of complaints pending as on end of the financial year - Nil
- k. The Company has not printed physical copies of the Annual Report for distribution in view of the exemptions available vide General circular

02/2022 dated May 05, 2022, issued by the Ministry of Corporate Affairs ("MCA") read with previous circulars and SEBI circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 in this regard. The full Annual Report will be made available on the website of the Company and will also be disseminated to the stock exchanges where shares of the Company are listed. The electronic copies of the annual report and the notice convening the 50<sup>th</sup> AGM would be sent to all the members whose e-mail addresses were registered with the Company or their respective Depository Participants (DP).

I. **Annual General Meeting**

In view of the COVID-19 pandemic and in the interest of stakeholders, the 50<sup>th</sup> AGM would be conducted through video conferencing or other audio visual means on June 28, 2022 at 10:00 hrs

(IST), as per the framework notified by Ministry of Corporate Affairs. The notice convening the 50<sup>th</sup> AGM contains detailed instructions and notes in this regard.

**Acknowledgement**

We thank our Customers, Investors, Suppliers, Vendors, Bankers, Government, Regulatory Authorities and other Business Associates for their continued support in successful performance of the Company. We place on record our appreciation for the committed services of all our employees.

**For and on behalf of the Board**

Chennai	<b>Harish Lakshman</b>	<b>Ganesh Lakshminarayan</b>
May 16, 2022	Vice-Chairman	Chairman
	DIN: 00012602	DIN: 00012583

## Annexure - A to the Report of the Board of Directors

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Company Overview

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

## 2. Economic Review

### 2.1. Global Economy

The global economy is projected to have grown by 5.9% in 2021, the fastest rate recorded in over four decades, despite supply-chain-related disruptions to industrial production and slowdown in the second half of the year due to various restrictions imposed by respective governments globally amid resurgence of infections led by new COVID variants. Global trade rebounded at a fast pace despite shipping and logistics constraints and supply chain issues such as semiconductor scarcity. However, supply constraints due to global labour and input shortages combined with a rapid increase in global demand post lifting of lockdown restrictions led to higher price inflation. Global inflation shock especially in the United States and some emerging market economies has resulted in global monetary policy normalisation by central banks.

After a strong rebound in 2021, the global economy growth is expected to moderate to 4.4% in 2022 as central banks across the world start unwinding fiscal and monetary policy support enacted to combat the pandemic-driven downturn on the back of rising concerns over potential inflationary pressures. The world economy is caught between the pandemic, geopolitical conflict, rising inflation, and policy tightening. The growth in the US economy is expected to moderate to 4.0% in 2022 on the back of policy tightening amid rise in inflation while growth in China is likely to ease to 4.8% in 2022 due to the lingering effects of the pandemic as well as additional regulatory tightening. Though resurgence in COVID infections could disrupt economic activity and derail growth prospects, however widespread deployment of vaccines is likely to prevent such outcome. Concerns due to new variants of COVID-19, ongoing geopolitical conflict between Russia and Ukraine, supply-chain bottlenecks, rising inflationary pressures and elevated levels of debt could act as major headwinds to growth.

### 2.2. Indian Economy

After recovering from a historic contraction of 7.3% in the preceding year, India's economy is estimated to have grown by 9.0% in FY22 surpassing pre-pandemic level,

mainly on account of improved performance, especially in farm, mining, manufacturing, and construction sectors. Economic damage caused by the second wave was short-lived with output reaching pre-pandemic levels on the back of buoyant government spending and pick up in investments post lifting of restrictions. Key indicators such as power consumption, railway freight, GST collections, e-way bills, etc. continued to point towards pickup in economic activity. Moreover, trade growth rebounded strongly reflecting robust economic recovery. Growth was driven by strong exports and domestic private investment. However, the lingering impact of the pandemic continued to weigh on consumer confidence and led to muted consumption demand. Healthy tax collections have provided the much-needed fiscal space for government to ramp up spending and boost economic growth.

According to International Monetary Fund (IMF), the Indian economy is expected to grow at 8.2% in FY23 on the back of improving investment outlook, improvement in credit growth, and increases in infrastructure investment. The growth outlook will also be supported by ongoing structural reforms, a better than-expected financial sector recovery and gradual pickup in contact-intensive services sector. The rapid vaccination drive across the country has ensured that the risk of future wave is minimised. Consumer confidence is expected to improve as the impact of the pandemic fades and businesses will accordingly ramp up spending to meet the demand thus fueling economic growth. However, surge in infections due to new variants, geopolitical tension, rising inflation, high crude oil prices, etc. could dampen growth prospects.

## 3. Industry Review

### 3.1. Global Automobile Industry

Despite healthy demand, U.S. new-light vehicle sales rebounded slightly by 3.1% year over year to 14.9 million units, due to production cuts owing to global shortage of semiconductors. The semiconductor shortage hurt all automakers, but some were hit harder than others. In addition to chip shortage, the coronavirus pandemic and related supply-chain problems resulted in constrained new-car and truck inventory at dealerships amidst strong demand thus driving up the average new vehicle price compared to last year. As per National Automobile Dealers Association (NADA), Battery electric vehicles (BEV) continued to gain market share, accounting for 2.9% of all new-vehicle sales in 2021 with automakers spending billions of dollars as they prepare themselves to manufacture electric vehicles. Chip shortage issue is expected to linger in 2022 as well. NADA expects the U.S. new-vehicle sales to increase by 3.4% to 15.4 million in 2022 on the back of low inventory.

According to European Automobile Manufacturers' Association (ACEA), the European new-car registrations fell by 2.4% to 9.7 million units in 2021 due to continuing shortage of semiconductors that negatively impacted car production throughout the year. Almost a fifth of new cars sold across European markets, including the UK, were plug-in electric vehicles on the back of generous government subsidies as well as strict regulations introduced in 2020 that forced EU manufacturers to sell more low-emissions vehicles. The auto volume is expected to pick up in 2022 as the industry gradually works through supply chain headwinds and ramps up production to satisfy the pent-up demand.

The global automotive industry continued to face challenges due to shortage of semiconductors and restrictions imposed due to emergence of new COVID-19 variants which further aggravated the supply chain issues. Amid the ongoing uncertainty of input shortages, carmakers have been moving to set up partnerships with various suppliers. Also, with electrification trend continuing to gain momentum, automakers have started to set up joint ventures with battery manufacturers to secure future supplies. Tightening emissions regulations and government incentives are likely to boost global EV sales. The global auto industry is likely to witness positive momentum in 2022 with further recovery in demand and gradual easing of supply chain challenges. Moreover, the mobility landscape continues to transform rapidly with new business models and autonomous, connected, electric, and shared mobility trends which will provide next leg of growth for the industry.

### 3.2. Indian Automobile Industry

Indian automobile industry which had been witnessing strong recovery on account of low interest rate regime coupled with pent up demand, faced temporary headwinds during the start of the fiscal year due to second wave of pandemic which dented consumer sentiment and resulted in temporary shutdown of dealerships. Disruption in supply chain due to localized restrictions and shortage of semiconductors had an adverse impact on production. However, the industry witnessed sharp recovery once the impact of the pandemic subsided, and lockdown restrictions were eased. The supply side issues pertaining to chips shortage hampered production during the second half of the fiscal year.

The strong underlying demand fueled by new launches and need for personal mobility post second COVID wave resulted in the Passenger Vehicle (PV) segment growing at 19%. The growth was attributable to low base as well. Utility vehicle (UV) segment saw a huge uptrend led by launch of new models by key OEMs which resulted in growth of 43% whereas the Passenger Car (PC) segment volume grew by 4%.

Revival in demand in the infrastructure and construction sectors, improving fleet utilisation, freight availability /

rates and better financing along with increasing demand for e-commerce & last-mile delivery post the second wave of COVID helped strong uptick in Commercial Vehicle (CV) segment with volumes increasing by 29%. The Medium and Heavy Commercial Vehicles (M&HCV) segment witnessed volume recovery and registered increase of 50% owing to improvement in fleet utilization levels led by strong demand in cement, mining and steel segments and improving fleet operators' profitability supported by higher freight income. Demand for M&HCVs also benefitted from the rise in construction activity, especially in the residential housing segment. The Light Commercial Vehicles (LCV) segment reported volume increase of 18% supported by e-commerce, agriculture, and FMCG segment. The Small Commercial Vehicles (SCV) segment reported volume growth of 24%.

Two-wheelers witnessed decline of 3% on account of continued weak demand due to higher impact of COVID second wave in the rural market coupled with higher fuel prices, BS VI /commodity-related price hikes, higher-than-normal inventory levels, and deferrals in the re-opening of offices/educational institutions and chips shortages impacting premium motorcycles. Farm tractors experienced marginal decline compared to the previous year on the back of delayed Kharif harvest due to erratic rainfall.

Industry Segment (Production figures)	Growth in % (YoY change)	
	FY22	FY21
<b>Vehicles</b>		
Passenger Cars (PC)	4	(18)
Utility Vehicles (UV)	43	4
Multi-Purpose Vans (MPV)	7	(18)
Passenger Vehicles (PV)	19	(11)
Small Commercial Vehicles (SCV)	24	(21)
Light Commercial Vehicles (LCV)	18	(12)
Medium & Heavy Commercial Vehicles (M&HCV)	50	(21)
Commercial Vehicles (CV)	29	(17)
Two Wheelers (2W)	(3)	(13)
Farm Tractors (FT)	(0)	24

Source: Society of Indian Automobile Manufacturers (SIAM)

## 4. Business Review

### 4.1. Domestic Market

The Company registered a 21% increase in domestic market. Sales to Original Equipment Manufacturer (OEM) increased by 19% due to improved demand across all segments. Your Company successfully improved its share of business with key customers. The aftermarket segment sales increased by 46% mainly due to increase in the repair activity. The Company is focusing on new product launches and enhancing

its distribution network in the aftermarket. The break-up of the domestic sales by market segment is given below:

(₹ in Crores)

Market	FY22	FY21	Growth in %
OEM	214.21	180.68	19%
Aftermarket	31.76	21.83	46%
Railways	0.04	1.09	(96)%
Defense	4.60	3.55	30%
<b>Total</b>	<b>250.61</b>	<b>207.15</b>	<b>21%</b>

#### 4.2. Exports

Export sales to OEM customers increased by 34% due to increase in off take by the customers. However, Export aftermarket sales grew by 44% due to increase in demand from major customers in Europe & USA.

(₹ in Crores)

Market	FY22	FY21	Growth in %
OEM	76.91	57.43	34%
Aftermarket	46.35	32.10	44%
<b>Total</b>	<b>123.26</b>	<b>89.53</b>	<b>38%</b>

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

(₹ in Crores)

Market	FY22	FY 21	Growth in %
Automotive Engines	280.53	230.74	22%
Other Engines	93.34	65.93	42%
<b>Total</b>	<b>373.87</b>	<b>296.67</b>	<b>26%</b>

Your Company also secured orders worth ₹24.97 crores from domestic and export customers. This will be commercialized in next few years starting 2022-23.

#### 4.3. Operational and Financial Performance

##### 4.3.1. Financial Review

- Revenue from Operations increased by 27% to ₹382.06 crores in FY22 from ₹301.85 crores in FY21.
- EBITDA increased to ₹16.43 crores in FY22 from ₹(0.74) crores in FY21.
- Loss after Tax stood at ₹11.86 crores for FY22 as compared to Loss after Tax of ₹6.09 crores for FY21.

Your Company implemented new operational efficiency improvement programmes and sustained the ones implemented in the last financial year. The financial turnaround initiatives are progressing as per plan. Despite increase in COVID-19 cases due to second, global shortage of semiconductor microchips and tight inventory on dealer, we grew by 27% and our operating margins improved significantly.

Sl. No.	Key Ratios	March 31, 2022	March 31, 2021	Reason for change in FY 22
1.	Interest Coverage Ratio (turns)	(0.45)	(2.90)	Operational improvements coupled with higher sales volumes during FY 22 resulted in better performance.
2.	Operating Profit Margin (%)	(0.93)%	(7.86)%	Previous year ratios were better due to exceptional income from sale of surplus land.
3.	Net Profit Margin (%)	(3.10)%	(2.02)%	
4.	Return on Networth (%)	(11.72)%	(5.63)%	

#### 4.3.2. Operations and Manufacturing Review

Your customers, both in India and overseas, want to leverage the experience and capability of the Company's R&D in engine designs related to valves. Raw material selections, VAVE, field complaint prevention, enabling new age engines to run on multi fuels (CNG, Ethanol blend) are a few examples. The R&D function addresses these requirements through development of customer specific technology road maps.

In line with your company's strategy to expand business in EV insulated segment which includes non-auto, the R&D has been constantly increasing pro-active engagement with customers. During the year, over 50 projects were undertaken across your company's customer base.

Your Company continued to improve productivity and quality during the year. The capacity utilization across the plants improved significantly to service post COVID demand revival across customer segments. Your Company also successfully received new product approvals from prestigious customers for series production in 2022-23. Infrastructure upgradation, capacity enhancement and industrialization of hollow valves were other highlights of 2021-22.

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

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

#### 4.4. Pursuit of Business Excellence

The Company continued to focus on the 'Business Excellence Model', which was built on the solid foundation of existing Total Quality Management (TQM) practices. Several new systems and processes

have been revisited and the business processes are re-engineered for efficiency and effectiveness. A strong internal process audit has been established across all plants to continuously identify and implement improvement areas.

Your Company received awards and recognitions from several of its prestigious customers as under during the year

#### Customer Awards

- Hyundai Motors India
- Daimler India Commercial Vehicles
- IPD
- John Deere India

#### 4.5. Opportunities and Threats

The Indian automotive industry is set for robust growth and return to pre-pandemic level of volume. Large scale digitization and advance analytics have enabled huge productivity improvement while technological innovations continue to transform the mobility landscape and present immense opportunities for the Indian automakers to take cognizance and gain competitive edge globally. The growth of shared, connected and electric mobility presents immense opportunity for the industry and the transforming E-mobility ecosystem would require participation and collaboration across diverse stakeholder groups. Further, push for green mobility in the Budget with focus on battery swapping and charging infrastructure is likely to expedite EV adoption and give rise to new era of growth and open immense opportunities for the existing and new players in the industry.

Although, the industry continues to be on growth trajectory, supply side issues related to semiconductor shortage, increase in raw material costs, high oil prices and resurgence of infections could pose headwinds for the industry in the short term. Moreover, prolonged Russia-Ukraine conflict could aggravate the semiconductor shortage issues thereby impacting production volume. Nevertheless, the Indian automotive industry remains exceptionally resilient and is on course to become the integrated manufacturing hub for automotive global supply chains on the back of supportive policies such as the PLI scheme, etc.

There has also been strong strategic push from global auto and non-auto players to de-risk their supply chains. These two developments have brought in significant direct and indirect export opportunities to your Company. Your Company has also identified large opportunities in EV insulated segment including non-auto in both Domestic and Overseas markets. Domestic OEs are following the government direction to move away from traditional fuels to CNG and Ethanol mixed fuels to reduce cost of ownership and emission. With strong R&D, your company is able to leverage this upcoming opportunities.

There are several short and long term challenges faced

by your Company. Slower than expected recovery of domestic demand due to fuel price and cost of ownership increase, disruption in global supply chain, and inflation especially in commodity prices are key short term challenges.

Automotive electrification is a significant long term risk for the company.

Your Company has laid out several strategies and initiatives to protect growth and sustainability in the face of the above mentioned threats.

#### 4.6. Outlook

The Indian automotive industry is back on strong footing and on course to reach the pre-pandemic level of sales on the back of buoyant demand. Despite challenges due to increase in commodity prices and supply chain issue resulting in shortage of semiconductor, the industry remains upbeat and continue to invest in new technologies as it prepares to cross the pre-pandemic levels of sales volume. Supportive government policies such as the extension of FAME-II scheme till 2024, Production -Linked Incentive (PLI) scheme for the auto and auto component and advanced chemistry cell bodes well for the industry.

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

From a long-term perspective, the Company's growth might be impacted as penetration of Electric Vehicles increases. While the Company does not believe the impact will be significant for the next 5 to 10 year perspective, the management is cognizant of this issue for the long term. As a tactical initiative against auto electrification, your company is focusing on growing its EV insulated business including non-auto.

#### 5. Risk Management

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



	Risk	Nature of Risk	Risk Mitigation Strategies
Strategic	Industry / Market Risk	65 % of revenue is derived from the Indian automotive sector. Hence, any drop in vehicle production will have a significant impact on the Company's business.	The Company constantly strives to: <ol style="list-style-type: none"> <li>Increase revenue from international markets (outside of India).</li> <li>Add new products to increase organic revenue and diversify customers across vehicle segments.</li> <li>Look for opportunities in the non-automotive segments such as Defence, Railways, etc.</li> </ol>
	Technology Obsolescence Risk	In short-term Indian auto industry is moving towards multi fuel technology to reduce cost of ownership and emission. In mid to long term, OEMs pursuing electrification of their products beginning with two wheelers.	The Company has consistently delivered cutting-edge technology products with enhanced R&D capabilities, localisation of testing and validation capabilities. This is enabling your Company work closely with customers for multi fuel compatible products.  Your Company has laid out strategy to expand its portfolio of EV insulated business
	Competition	Maintaining market share in the competitive market and availability of unorganized players further pose challenges.	The Company's long-standing relationship with OEMs, state-of-the-art facilities and best-in-class processes help deliver superior value to the customers. The Company periodically conducts customer surveys to understand customer feedback and works in furthering its relationship with the customers.
	Quality/ Processes	Quality and delivery are sacrosanct for safety-critical products supplied by the Group.	Skilled workforce, imparting job skill enhancement training, enhancing supplier capabilities and robust manufacturing processes help the Company mitigate quality and delivery
Operational	People Risk	Attrition of key personnel could impact business operations and growth.	The Company's HR processes are constantly upgraded to attract, retain and develop talent. The policies are people-centric and industry accolades on HR practices help attract talent. The dedicated training centre supports to build functional capabilities and develop a strong leadership pipeline. The performance management system and other employee engagement initiatives help develop and retain talent.
	Raw Material (Input) Price Risk	Material cost is a significant part of the cost and volatility in the price of raw material costs will erode margin.	The Company constantly strives to mitigate the input cost increases by: <ol style="list-style-type: none"> <li>Implementing a procurement function that will work on cost reduction initiatives through alternate sourcing, localisation, etc.</li> <li>Negotiating and passing through input cost, which increases suitably, to the customers</li> <li>Working on process improvements, yield improvements, etc.</li> </ol>
Financial	Currency Risk	The Company is exposed to foreign currency exchange risk as it exports its products to various countries and imports raw materials.	The Company uses a multi-pronged approach as suitable to the scenarios. It includes: <ol style="list-style-type: none"> <li>Optimally balancing the import and export to create natural hedge.</li> <li>Working with customer-to-index prices to mitigate currency fluctuations.</li> <li>Taking simple forwards on a rolling basis to protect its export realization.</li> </ol>
	Interest rate risk	Use of borrowings to fund expansion exposes the Company to interest rate risk.	The Company manages interest rate risk on the following basis: <ol style="list-style-type: none"> <li>Maintaining optimal debt-equity levels.</li> <li>Using internal accruals to fund expansion.</li> <li>Constantly optimizing working capital to reduce interest costs.</li> </ol>

## 6. Human Resource Development and Industrial Relations

### 6.1. Talent Development Initiatives

In FY 2021-22, the Company focused on the following talent development initiatives:

#### Leadership Development

- Leadership Boot Camp is an intervention to strengthen the engagement of entry level talent for swift assimilation and high performance. Five GETs joined REVL in 2021 and are part of the GET connect program that has learning elements such as campus to corporate workshop, learning on machines, leadership and values workshop, function & practice orientation, stint in marketing, shadow exercise etc.
- High Potential Leadership Development program focusses on enhancing leadership capability of high potential talent at middle management level to enable them transition to leadership roles. Four participants began their learning journey during the year wherein they were part of a two day in-person assessment and development center for measuring their competence against the business competencies that culminated into crafting their individual development plans to help them develop competencies to succeed in their work. Developmental inputs focused on Rane leadership competencies such as intrapreneurship, build leadership that will facilitate career transitions to leadership roles.
- As part of the Executive Leadership Development, two participants went through the "Leader as Coach" program whose objective is to cultivate appreciation of behavioral change and encourage a culture of development among senior leaders. The learning from the 10-month long intervention helped the participants in leading and collaborating with teams and driving critical outcomes.

#### Rane Manufacturing Systems Professional Programme (RMSP)

RMSP - Advanced is our flagship program launched with the objective of building manufacturing capability. The Gemba based learning intervention is for employees in Manufacturing, Manufacturing Engineering, Quality Assurance and Plant Engineering at junior and middle management levels. The 18-month intervention comprises modules in Manufacturing Processes, Manufacturing Systems - common & function specific and Advanced Manufacturing and is facilitated by internal and external resource persons.

Six participants from batch III completed their 18 month learning journey, 18 projects have been carried out by the participants in PQCDMS in line with their RMSP learning. 15 participants from batch V & VII are undergoing their RMSP journey.

RMSP - Basic is a recently launched initiative with an objective of enhancing manufacturing capability across a wider employee pool. It is delivered in a shorter format

combining Gemba based learning and virtual instructor led sessions, spanning over six months. 14 participants have begun their RMSP - Basic learning journey.

#### Managerial & Technical Competency Development

Rane Institute for Employee Development (RIED), our leadership development centre, acts as a key enabler in our journey towards pursuing business excellence through its vision of building core competencies for individual and business excellence. In FY 2021-22, 50 programs focusing on technical, general management and soft skills were organized by RIED. The company achieved 380 training man-days covering 203 employees.

#### Fight against COVID

As part of Rane Group's initiatives to tackle COVID-19, social distancing norms were continuously practiced and awareness of good hygiene practices was emphasized. Wellness webinars on COVID measures, meditation practices etc. were conducted across companies. Vaccination awareness programs and drives were conducted at plant locations encouraging employees and their family members to get vaccinated. The company spent ₹1.9 lakhs to extend support for healthcare programs and local community development.

### 6.2. Digital Initiatives

**Learning Management System (LMS)** - To ensure employees have adequate knowledge of the policies that are part of the governance & vigil mechanism and other key policies, e-learning modules were rolled out through our LMS during the year. These include Rane Compass - Rane's Policy on Ethical Standards of Behaviour, including policies on gifts and vendor relationship, Whistle Blower policy, policy on Prevention of Sexual Harassment of Women at Workplace, Prohibition of Insider Trading and Information Security Management System. These e-learning policies act as a refresher for existing employees and a learning for new joiners.

**One-hour learning** - As part of providing tailored content to employees at their fingertips, access to micro learning modules on "Stress Management" was provided to our employees. This gave them access to micro content designed by subject matter experts.

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

### 6.3. Industrial Relations

During the financial year, long-term wage settlements with the employee union at Chennai plant was concluded smoothly. The industrial relations were generally cordial in all the plants. The group level industrial relations

council works towards the objective of creating a healthy working environment by promoting peace and harmony amongst all segments of employees. The focus areas for the council includes interpretation and implementation of legislations, workforce mix planning for optimal deployment and sharing of best practices.

## 7. Internal Control Systems

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

The internal audit function is outsourced to a professional firm of independent assurance service providers. The Audit Committee and the Board in consultation with the internal auditor, statutory auditor and operating

management approve the annual internal audit plan. The scope also covers the internal financial controls and internal controls over financial reporting. The internal audit findings are placed before the Audit Committee at each of its quarterly meetings for review.

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

## 8. Cautionary Statement

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

Annexure - B to the Report of the Board of Directors  
**SECRETARIAL AUDIT REPORT**  
for the financial year ended March 31, 2022

Form No. MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Regulation 24A(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]

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

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RANE ENGINE VALVE LIMITED** ('the Company') during the financial year from April 1, 2021 to March 31, 2022 ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on:

- (i) Our examination / verification of the books, papers, Minute books and other records maintained by the Company and furnished to us in electronic mode through file sharing mechanism, forms and returns filed with statutory / regulatory authorities, and compliance related actions taken by the Company, during the year as well as after March 31, 2022, but before the issue of this report;
- (ii) Certificates confirming compliance with all laws applicable to the Company, given by the key managerial personnel of the Company, and noted by the Board of Directors;
- (iii) Report regarding compliance with certain factory related laws, given by the Internal Auditors and noted by the Audit Committee; and
- (iv) Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on March 31, 2022, the Company has complied with the statutory provisions listed hereunder and has Board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter.

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

**1. Compliance with specific statutory provisions**

We further report that:

- 1.1 We have examined the books, papers, Minute books and other records maintained by the Company, the forms, returns, reports, disclosures and information filed, submitted or disseminated during the year, according to the applicable provisions / clauses of:
  - (i) The Companies Act, 2013, and the rules made thereunder.
  - (ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder.
  - (iii) The Depositories Act, 1996, and the regulations and bye-laws framed thereunder.
  - (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'); and
    - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR').
  - (v) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ('Agreements'), in relation to listing of Equity shares of the Company.
  - (vi) Secretarial Standards issued by The Institute of Company Secretaries of India ('Secretarial Standards').
- 1.2 During the period under review, and also considering the compliance related action taken by the Company after March 31, 2022, but before the issue of this

report, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

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

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

- (i) The Company was not required to comply with the following laws / rules / regulations and consequently was not required to maintain any books, papers, Minute books or other records or file any forms or returns under:
  - (a) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with clients;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, which were replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, with effect from 16<sup>th</sup> August 2021;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, with effect from 10<sup>th</sup> June 2021;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and the Securities and Exchange Board

of India (Issue of Sweat Equity) Regulations, 2002, which were replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, with effect from 13<sup>th</sup> August 2021; and

- (f) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.
- (ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.

## 2. Board processes

We further report that:

### 2.1 Board constitution and balance

- (i) The constitution of the Board of directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR.
- (ii) As on March 31, 2022, the Board of Directors of the Company comprises of:
  - (a) 2 (two) Non-Executive Non-Independent Directors; and
  - (b) 4 (four) Independent Directors, including 1 (one) Independent Woman Director.
- (iii) The Company is not required to appoint an Executive Director, since it has appointed whole-time key managerial personnel in the position of Manager, under Section 203(1)(i) of the Companies Act, 2013 (the Act).
- (iv) The processes relating to the following changes in the composition of the Board of Directors during the year, were carried out in compliance with the applicable provisions of the Act and SEBI LODR:
  - (a) Retirement of Mr. S Krishna Kumar (DIN: 00062582) as an Independent Director, with effect from May 1, 2021, as per the retirement policy of the Company.
  - (b) Appointment of Mr. Anil Kumar Venkat Epur (DIN: 00202454) as an Additional Director in the category of Independent Director, with effect from May 19, 2021, and his appointment as an Independent Director not liable to retire by rotation, for a term of 3 (three) consecutive years from May 19, 2021 to May 18, 2024, at the 49<sup>th</sup> Annual General Meeting (AGM) held on July 22, 2021.
  - (c) Retirement of Mr. L Lakshman (DIN: 00012554) as a Director, with effect from conclusion of business hours on May 27, 2021, as per the retirement policy of the Company.

- (d) Re-appointment of Mr. Harish Lakshman (DIN: 00012602) as a Director, upon retirement by rotation at the 49<sup>th</sup> AGM held on July 22, 2021.

## 2.2 Board meetings

- (i) Adequate notice was given to all the directors to enable them to plan their schedule for the Board Meetings.
- (ii) Notice of Board meetings was sent to all the directors atleast 7 (seven) days in advance.
- (iii) Agenda and detailed notes on agenda were sent to the directors atleast 7 (seven) days before the Board meetings, with the exception of the following items, which were either circulated separately or at the Board meetings, with the requisite consent from the Board of directors as required under SS-1:
- (a) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
- (b) Additional subjects / information / presentations and supplementary notes.
- 2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.4 We are informed that, at the Board meetings held during the year:
- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

## 3. Compliance mechanism

We further report that:

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

## 4. Specific events / actions

We further report that:

During the audit period, the following specific events / actions having a major bearing on the Company's affairs, took place in pursuance of the above referred laws, rules, regulations and standards.

### Preferential issue of Convertible warrants to Rane Holdings Limited

Pursuant to the approvals accorded by the Board of Directors at their meeting held on January 25, 2022, and by the members through postal ballot process concluded on February 24, 2022, and in terms of the in-principle approvals accorded by NSE and BSE on February 7 2022, the Finance Committee of the Board of Directors, at their meeting held on March 8, 2022, issued and allotted 5,15,463 convertible warrants to Rane Holdings Limited (RHL), Promoter and Holding Company, upon payment of the warrant subscription price of ₹72.75/- per warrant (being 25% of the issue price of ₹291/- per Equity share), aggregating to ₹3,74,99,933.25/-.

The warrants are convertible into equivalent number of Equity shares of the Company, fully paid-up, within 18 (eighteen) months from the date of allotment, upon application by RHL and payment of the warrant exercise price of ₹218.25/- per warrant (being the balance 75% of the issue price of ₹291/- per Equity share).

There is no change in the shareholding of RHL consequent to this allotment. RHL holds 36,83,054 Equity shares of ₹10/- each (54.82%) in the share capital of the Company, as on March 31, 2022.

For S.Krishnamurthy & Co.,  
Company Secretaries  
(Peer Review Certificate No.739/2020)

Sharanya Sriram  
Partner

Place: Chennai  
Date: May 16, 2022

Membership No.: F10252  
Certificate of Practice No.: 12731  
UDIN: F010252D000329758

## Annexure - A to Secretarial Audit Report of even date

To the Members of  
**Rane Engine Valve Limited**

[CIN: L74999TN1972PLC006127]

"Maithri", No.132, Cathedral Road, Chennai - 600 086.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended March 31, 2022, is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance processes and procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
4. While forming an opinion on compliance and issuing this report, we have taken an overall view, based on the compliance practices and procedures followed by the Company. We have considered:
  - (a) Compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law, wherever there was scope for multiple interpretations.
  - (b) Compliance related action taken by the Company after March 31, 2022, but before the issue of this report; and
  - (c) Notifications / Circulars issued by the Ministry of Corporate Affairs / the Securities and Exchange Board of India, and Guidelines issued by the Institute of Company Secretaries of India, in respect of various compliance related events as stated therein.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Companies Act, 2013.
6. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For S. Krishnamurthy & Co.,**  
 Company Secretaries  
 (Peer Review Certificate No.739/2020)

**Sharanya Sriram**  
 Partner  
 Membership No.: F10252  
 Certificate of Practice No.: 12731  
 UDIN: F010252D000329758

Place: Chennai  
 Date: May 16, 2022

## Annexure C to the Report of the Board of Directors

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

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

## A. Conservation Of Energy

### Steps taken or impact on conservation

- 31 energy saving projects have been implemented.
- 4,12,450 units (kwh) have been saved through these energy saving projects.
- ₹32,99,600/- have been saved through energy saving measures.

### Steps taken utilising alternate sources of energy

- The Company makes use of wind and solar energy and approximately 95,88,998 units (kwh) have been utilized during the year.
- Capital investment in energy conservation equipment.
- During the year, the Company invested ₹1.21 Crores for sourcing renewable energy under the group captive scheme.

## B. Technology Absorption

### Efforts made towards technology absorption

- Working with Indian OEM's for smooth transition to BS VI Stage-II emission norms and adaptation of flex fuels.
- Continued to provide solutions for friction reduction for better fuel efficiency.
- Effective usage of rig testing for customers.
- Fully automated valve manufacturing line under pursuit.

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

- Made significant progress with Non-Auto global OEM's.
- Value Engineering proposals have increased with

alternate source identification.

- New Product Development turnaround time has been improved.
- First source with newer technologies to Indian OEM's.

Details of Imported Technology (during the last 3 years reckoned from the beginning of the FY 2021-22)

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

### Research and Development expenditure incurred

		(₹ in Crores)	
Sl. No.	Particulars	2021-22	2020-21
A	Capital expenditure	0.06	0.21
B	Recurring expenditure	1.39	1.16
C	<b>Total</b>	<b>1.45</b>	<b>1.37</b>
D	Total R & D expenses as a percentage of total turnover	0.38%	0.46 %

## C. Foreign Exchange Earnings And Outgo

		(₹ in Crores)	
Foreign Exchange		2021-22	2020-21
Earnings		123.26	89.53
Outgo		29.66	15.88

For and on behalf of the Board

Chennai  
May 16, 2022

Harish Lakshman  
Vice-Chairman  
DIN: 00012602

Ganesh Lakshminarayan  
Chairman  
DIN: 00012583



Annexure D to the Report of the Board of Directors

# CORPORATE GOVERNANCE REPORT

## 1. Philosophy on Code of Governance

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

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

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

## 2. Board of Directors

### Composition, Attendance & Meetings

As on March 31, 2022, the Board comprises of six (6) Non- Executive Directors with more than 50% of them being Independent Directors. The Chairman of the Board is a Non-Executive Director. There are no Alternate Directors on the Board. The Woman Director of the Company is an Independent Director. The composition of the Board is aimed at maintaining an

appropriate balance of skills, background, experience and knowledge of the Board for guiding the Company in achieving its objectives in a sustainable manner and the composition of the Board as at end of FY 2021-22, is in conformity to the Regulation 17 of SEBI LODR.

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

During the FY 2021-22, the Board of Directors met five (5) times on May 19, 2021, July 22, 2021, October 21, 2021, January 25, 2022 and March 18, 2022 and requisite quorum was present throughout these meetings. Wherever required, the Company facilitates the participation of the Directors in Board / Committee meetings through video-conferencing or other audio visual means. The details of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year, the number of Directorship(s) and Committee membership / Chairman position(s) held by them in other public companies as on March 31, 2022 are given below:

Name of the Director / (DIN)	Category	No. of Board meetings attended	Attendance at the last AGM (July 22, 2021)	Number of Directorship in other public companies #		Number of Committees Membership @	
				Chairperson	Member	Chairperson	Member
Mr. L Ganesh (00012583)	Chairman, Non-Executive & Promoter	5	Yes	3	4	-	5
Mr. Harish Lakshman (00012602)	Vice Chairman, Non-Executive & Promoter	5	Yes	1	5	2	3
Mr. Ashok Malhotra (00029017)	Non-Executive & Independent	5	Yes	-	-	-	-

Name of the Director / (DIN)	Category	No. of Board meetings attended	Attendance at the last AGM (July 22, 2021)	Number of Directorship in other public companies #		Number of Committees Membership @	
				Chairperson	Member	Chairperson	Member
Dr. (Ms.) Brinda Jagirdar (06979864)	Non-Executive & Independent	5	Yes	-	5	1	5
Mr. C N Srivatsan (00002194)	Non-Executive & Independent	5	Yes	-	1	1	1
Mr. Anil Kumar Venkat Epur (00202454)	Non-Executive & Independent	5	Yes	-	1	-	2

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

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

**Note:**

1. Mr. S Krishna Kumar (DIN: 00062582) and Mr. L Lakshman (DIN: 00012554), Directors, retired as per the retirement policy of the Company, effective from May 01, 2021 and May 27, 2021 respectively.

The details of Directorships held in other listed entities as on March 31, 2022 are as under:

Name of Director	Name of the listed entity	Category of Directorship
Mr. L Ganesh	Rane (Madras) Limited	Chairman & Non-Executive & Promoter
	Rane Brake Lining Limited	Chairman & Non-Executive & Promoter
	Rane Holdings Limited	Chairman & Managing Director & Promoter
	Sundaram Finance Limited	Non-Executive & Independent
Mr. Harish Lakshman	Rane (Madras) Limited	Vice Chairman & Non-Executive & Promoter
	Rane Brake Lining Limited	Non-Executive & Promoter
	Rane Holdings Limited	Vice-Chairman & Joint-Managing Director & Promoter
	Oriental Hotels Limited	Non-Executive & Independent
Dr. (Ms.) Brinda Jagirdar	IDFC First Bank Limited	Non-Executive & Independent
	Rane Brake Lining Limited	Non-Executive & Independent
Mr. C N Srivatsan	Precot Limited	Non-Executive & Independent
Mr. Ashok Malhotra	-	-
Mr. Anil Kumar Venkat Epur	Rane Brake Lining Limited	Non-Executive & Independent

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

An annual calendar for the Board and its Committee meetings were circulated in advance to the Directors and they were provided with detailed agenda for the meetings to effectively participate in discussions. Post

Board meeting reviews were held by the Chairman with the management, in order to effectively monitor the actions arising out of the decisions, directions and suggestions of the Board and its Committees.

The disclosure regarding meeting of Independent Directors, Board, Directors' performance evaluation and criteria for performance evaluation of Independent Directors are discussed in detail in the Directors Report. In the opinion of Board, the Independent Directors fulfill the conditions specified in SEBI LODR and the provisions of Companies Act, 2013 and are independent of the management.

The Company had issued formal letter of appointment to all the Independent Directors, whenever they are

appointed / re-appointed and the terms and conditions of appointment of Independent Directors have also been disclosed in the website of the Company at [www.ranegroup.com](http://www.ranegroup.com). In case of resignation of a Director before the expiry of his term, the Company obtains a formal resignation letter requiring detailing of reasons for resignation and the same is furnished to the stock exchanges. However, there was no instance of resignation during the year.

Presentations on business and performance updates of the Company, global business environment and business strategy are made to the Board and the Committee members. The details of familiarization programme

for the independent Directors are disclosed in the web-link at [https://ranegroup.com/revl\\_investors/revl-familiarisation-programme-for-independent-directors/](https://ranegroup.com/revl_investors/revl-familiarisation-programme-for-independent-directors/)

#### Skills, expertise and competence of the Board

The Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and Committees. The Board ensures and maintains highest standards of corporate governance. The skills / expertise / competencies identified by the Board in the context of the automotive business in which the Company operates, for it to function effectively are inter-alia as follows:

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

### 3. Audit Committee

#### Composition, Attendance and Meetings

The composition of the Audit Committee of the Board conforms to the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR. The Committee met four (4) times during the year May 19, 2021, July 22, 2021, October 21, 2021 and January 25, 2022 with requisite quorum present throughout the meetings. The details of members and their attendance are as below:

Name of the Director	Category	No. of meetings attended
Mr. C N Srivatsan	Chairman, Non - Executive, Independent	4
Mr. L Ganesh	Member, Non - Executive, Promoter	3

Name of the Director	Category	No. of meetings attended
Mr. Ashok Malhotra	Member, Non - Executive, Independent	4
Dr. (Ms.) Brinda Jagirdar	Member, Non - Executive, Independent	4

#### Note:

- Mr. L Lakshman ceased to be a member with effect from May 27, 2021. During the year, he attended one (1) meeting.
- Mr. L Ganesh was inducted as a member with effect from June 29, 2021.

All the members of the Audit Committee are financially literate and possess accounting and related financial management expertise. The Company Secretary acts as the Secretary to the Committee.

The Statutory Auditor and the Internal Auditor were present as invitees in the meetings. The Manager and Senior Vice President (Finance) & Chief Financial Officer (CFO) of the Company attended the meetings by invitation. Based on the requirement, other Directors attended the meetings by invitation. All the recommendations of the Audit Committee during the year were considered, accepted and approved by the Board. The Chairman of the Audit Committee was present at the last AGM of the Company held on July 22, 2021.

#### Overall purpose and terms of reference

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

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

The terms of reference and roles of the Audit Committee are in line with the provisions of SEBI LODR / Companies Act, 2013, which are mentioned hereunder:

- Quarterly / Annual financial statements with statutory auditors and management before submission to the Board.
- Internal control systems, findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Internal audit function, internal audit reports relating to internal control weaknesses and functioning of whistle blower mechanism and prohibition of insider trading.
- Evaluation of internal financial controls and risk management systems.
- Management discussion and analysis of financial condition, results of operation financial and risk management policies of the Company.
- Defaults, if any, in payments to depositors, shareholders / creditors and the status of the inter-corporate loans and investments for scrutiny in detail.
- Approve related party transactions, including any subsequent modifications thereto.
- Compliance with listing and other legal requirements relating to financial statements. Changes, if any, in accounting policies and practices and reasons for the same, major accounting entries involving estimates based on the exercise of judgement by management and significant adjustments made in the financial statements arising out of the audit findings.
- Valuation of undertakings or assets of the company, as and when required.
- Financial statements, in particular, the investments made by any unlisted subsidiary of the Company.
- Utilization of loans and / or advances from / investment by the company to its subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances / investments.
- Recommends appointment of Auditor and their remuneration and approves the appointment of CFO.
- Discusses the scope of audit and post-audit area of concern and qualifications, if any, with Statutory Auditor / Internal Auditor.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

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

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

During the year, the Committee inter-alia reviewed and recommended the amendments to the RPTs policy in line with amendments to the SEBI LODR. On a quarterly basis the Audit Committee reviews RPTs entered into by the company pursuant to each of the omnibus approval. Pursuant to SEBI LODR sixth amendment regulations w.e.f January 01, 2022, all RPTs are approved by the Independent directors. The Audit Committee reviews all mandatory information under Part C of Schedule II pursuant to Regulation 18 of SEBI LODR, including review of Internal Auditor observations, statutory compliance.

#### 4. Nomination and Remuneration Committee (NRC)

##### Composition, Attendance and Meetings:

The NRC is constituted in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR. The Company Secretary acts as the Secretary to the Committee. The Committee met two (2) times during the year May 12, 2021 and January 25, 2022 with requisite quorum present throughout the meetings. The details of members and their attendance are as below:

Name of the Director	Category	No. of meetings attended
Mr. Ashok Malhotra	Chairman, Non-Executive, Independent	2
Mr. C N Srivatsan	Member, Non-Executive, Independent	2
Mr. Harish Lakshman	Member, Non-Executive, Promoter	1

##### Note:

1. Mr L Lakshman ceased to be a member with effect from May 27, 2021. During the year, he attended one (1) meeting.
2. Mr. L Ganesh & Mr. Harish Lakshman were inducted as members with effect from June 29, 2021.
3. Mr L Ganesh ceased to be a member of the Committee with effect from January 01, 2022.

##### Overall purpose and terms of reference

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

- To formulate criteria for determining qualifications, positive attributes and independence of director for evaluation of performance of Independent Directors and the Board
- To approve the remuneration policy of directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)
- To devise policy on Board diversity
- To provide guidance to the Board on matters relating to appointment of Directors, Independent

Directors, KMP and SMP, i.e., the core management team one level below the CEO/ Managing Director/ Manager

- To evaluate performance, recommend and review remuneration of the executive director based on their performance
- To recommend to the board, the extension / continuation of term of appointment of Independent Directors based on report of performance evaluation
- To consider and recommend professional indemnity and liability insurance for Directors, KMP and SMP
- To recommend to the board, all remuneration, in whatever form, payable to senior management

##### During the year, the NRC, inter alia:

- considered and recommended the appointment of Mr. Anil Kumar Venkat Epur as an Independent Director
- reviewed the compensation benefits of SMP and KMP of the Company
- reviewed and recommended the process of Board evaluation, its committees and Directors

##### Remuneration to Non-Executive Directors

Non-Executive Directors receive sitting fee as remuneration for attending the Board and Committee meetings. Apart from sitting fees, the Company has not paid any other remuneration to Directors.

##### Remuneration Policy

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

##### Sitting fees

The Directors are eligible for sitting fees, apart from reimbursement of their actual travel and out-of-pocket expenses, if any, for attending the meetings of the Board / Committee. The sitting fees payable per meeting of Board and its Committees are as hereunder:

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

### Details of Sitting Fees paid to Directors

The details of remuneration paid to the Directors during the financial year and their shareholding in the Company as at the year ended March 31, 2022 are as follows:

Name of the Director	Sitting Fees (in ₹)	Shares held as on March 31, 2022
Mr. L Ganesh	1,70,000	135
Mr. Harish Lakshman	1,05,000	100
Mr. Ashok Malhotra	1,85,000	-
Mr. C N Srivatsan	1,85,000	-
Dr. (Ms.) Brinda Jagirdar	1,80,000	-
Mr. Anil Kumar Venkat Epur	1,00,000	-

#### Note:

- Shareholding includes joint holdings & HUF, if any.
- No shares of the Company were pledged by the directors and there is no stock option scheme prevailing in the Company.
- The Company does not have any Managing Director or Whole-time Director and therefore disclosure relating remuneration payable from the holding company or any of the subsidiary companies does not arise.
- During the year, Mr. L Lakshman was paid sitting fees of ₹40,000 and holds 100 shares as on March 31, 2022. He retired as per the retirement policy of the Company effective May 27, 2021.

### 5. Stakeholder's Relationship Committee (SRC)

#### Composition & Attendance of Meetings

The Stakeholder's Relationship Committee looks into grievances of shareholders and redresses them expeditiously in accordance with Section 178 of the Companies Act, 2013 and as per the requirements under Regulation 20 of SEBI LODR. The Company Secretary is the compliance officer of the company. During the year, the Committee met two (2) times on May 19, 2021 and October 21, 2021 with requisite quorum present throughout the meetings. The details of members and their attendance are stated below:

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

### Overall purpose and terms of reference

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

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

There were no compliant pending / unresolved at the end of the financial year 2021-22. The Chairman of the SRC was present at the last AGM of the Company held on July 22, 2021 to answer queries of the security holders. The SRC at its meeting held on May 19, 2021 and October 21, 2021 respectively reviewed the Internal Audit report for the FY 2019-20 & FY 2020-21 issued to RTA, in line with the SEBI Circular dated April 20, 2018.

### 6. Corporate Social Responsibility (CSR) Committee

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

Name of the Director	Category
Mr. L Ganesh	Chairman, Non- Executive & Promoter
Mr. C N Srivatsan	Member, Non- Executive & Independent
Mr. Harish Lakshman	Member, Non- Executive & Promoter

#### Note:

- Mr. L Lakshman ceased to be a member with effect from May 27, 2021.
- Mr. L Ganesh was designated as Chairman of the Committee with effect from June 29, 2021.
- Mr. Harish Lakshman was inducted as a member with effect from June 29, 2021.

## Overall purpose and terms of reference

The terms of reference of the Committee are as follows:

- Formulate and recommend CSR Policy, for approval of the Board.
- Formulate and recommend to the Board, an annual action plan in pursuance to the CSR policy.
- Approve projects that are in line with the CSR policy.
- Implement CSR projects / programmes directly and through implementing agencies.
- Have monitoring mechanisms in place to track the progress of each project.
- Recommend the CSR expenditure to the Board of the company for approval.
- Carry out impact assessment of project/ programmes, where required.
- Ensure utilization of CSR expenditure.
- Such other terms as required under statutory obligations.

In view of the losses made during the previous years, the Company was not required to spend on CSR activities in terms of Section 135 of the Act and rules thereunder during FY 2021-22 and no CSR activities were carried out during the year.

## 7. Other Committees

### Share Transfer Committee

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

### Finance Committee

A Finance Committee comprising of Mr. L Ganesh, Mr. Harish Lakshman (Non-Executive Directors) are its members. The Committee is authorised to approve

borrowings and connected matters, in accordance with the delegations made by the Board, from time to time. During the year, the committee's terms of reference were amended to include the matters relating to the issue of securities and connected matters. The Company Secretary acts as the Secretary to the Committee. The Committee met two (2) times during the year on January 25, 2022 and March 08, 2022 approved the preferential issue of equity shares/convertible warrants and connected matters and allotment of 5,15,463 warrants to Rane Holdings Limited respectively.

### Executive Committee

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

## 8. Code of conduct

The Board of Directors has laid down a code of conduct i.e. "Ethical Standards of Behaviour - RANE COMPASS" for all Board members and employees of the Company in furtherance of its emphasis towards good Corporate Governance practices. The same has been posted on the website of the Company viz., [https://ranegroup.com/revl\\_investors/code-of-conduct/](https://ranegroup.com/revl_investors/code-of-conduct/). The Board members and Senior Management Personnel have affirmed their compliance with the code of conduct. A declaration from the Manager of the Company to this effect forms part of this report.

### Prevention of Insider Trading

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

## 9. General Body Meetings

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

Date of AGM	Special resolutions passed	Time	Venue / Mode
July 22, 2021 (49 <sup>th</sup> AGM)	No special resolution was passed	15:00 hrs	Video Conferencing / Other Audio Visual Means (VC / OAVM)
August 06, 2020 (48 <sup>th</sup> AGM)	Approval of appointment and remuneration of Mr. Murali K Rajagopalan as Manager	15:00 hrs	Video Conferencing / Other Audio Visual Means (VC / OAVM)
July 29, 2019 (47 <sup>th</sup> AGM)	No special resolution was passed	10:15 hrs	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai - 600 014

During the year, one special resolution proposed vide postal ballot notice dated January 25, 2022 was passed by the members. The postal ballot was conducted in accordance with Section 110 of the Companies Act, 2013, Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI LODR read with MCA and SEBI circulars relaxing the physical dispatch of postal ballot notice to all shareholders. The postal ballot notice was sent by email to all the shareholders. The

Company engaged Central Depository Services (India) Limited (CDSL) for facilitating the remote e-voting. The Board appointed Mr. Balu Sridhar, Practicing Company Secretary, as the Scrutinizer for conducting the voting through postal ballot in a fair and transparent manner. The Scrutinizer gave his Report and on the basis of the said Report, the results of the Postal Ballot in respect of the resolutions had been declared as passed with requisite majority on February 25, 2022:

Special resolutions passed	No of Votes polled	Votes Cast			
		In favour		Against	
		No of Votes	%	No of Votes	%
Issue of warrants on preferential basis	36,91,399	36,90,537	99.98%	862	0.02%

## 10. Other disclosures

- i. During the year, the Company had not entered into any transaction of material nature with any of the promoters, Directors, management or relatives or subsidiaries etc. The transactions entered with related parties during the year were in the ordinary course at arms' length and not in conflict with the interests of the Company. All routine and periodic transactions with related parties were covered in the omnibus approval of the Audit Committee. The details of the related party transactions including those with persons / entities belonging to promoter / promoter group as per Ind AS are stated in Note no. 28 of the financial statements. The policy on related party transaction is available on the website of the Company, viz., [https://ranegroup.com/revl\\_investors/revl-policy-on-related-party-transaction/](https://ranegroup.com/revl_investors/revl-policy-on-related-party-transaction/).
- ii. There was no instance of non-compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years.
- iii. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.
- iv. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
- v. The Company has complied with the following non-mandatory requirements prescribed under Part - E of Schedule II, Chapter IV of the SEBI LODR:
  - a) maintains an office for Mr. L Ganesh, Chairman (Non-Executive Director) at the registered office of the Company and allows re-imburement of expenses incurred in performance of his duties.
  - b) adopts best practices to ensure a regime of financial results / statement with unmodified audit opinion.
  - c) Internal Auditor directly reports to the Audit Committee.
- vi. In order to comply with all applicable laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal standards, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate education to dealing personnel, execution, escalation and regular reviews to strengthen compliance management. The STACK is electronically integrated through an online platform (e-STACK) to improve the compliance management system and its efficiency. The master lists of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.
- vii. The Company does not have any material listed / unlisted subsidiary Companies as defined in Regulation 24 of the SEBI LODR. Hence, the Company is not required to frame a policy for determining material subsidiary.
- viii. The Company has obtained a certificate from a Company Secretary in Practice that none of the Director(s) on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The Certificate obtained is attached in 'Annexure (ii)' to this report on Corporate Governance.
- ix. The Independent Directors have confirmed and declared that they meet the criteria of 'Independence' as stipulated under Section 149 including the compliance with the code of conduct as prescribed in Schedule - IV of the Companies Act, 2013 and Regulation 16 read with Regulation 25 and other provisions of the Act and SEBI LODR, as amended from time to time and that they are no aware of any circumstance or situation, which exist or may be reasonably anticipated, that



could impair or impact his / her ability to discharge duties with an objective independent judgment and without any external influence.

- x. In terms of regulation 25 of SEBI LODR the Company has in place policy for Directors and Officers insurance ('D & O insurance') covering all the Independent Directors, of such quantum and for such risks which commensurate to the operations of the Company and in line with the industry standards.
- xi. The Manager and CFO of the Company have certified to the Board on the integrity of the financial results / statements, effectiveness of internal controls and significant changes in internal control / accounting policies during the year as required under Regulation 17(8) of the SEBI LODR and Companies Act, 2013.
- xii. The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of SEBI LODR.
- xiii. The disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Directors' Report.
- xiv. The Board has accepted / considered all the recommendation(s) made by Committee(s) to the Board in the relevant financial year under review.
- xv. The total fees for all services paid by the Company to M/s Varma & Varma, Chartered Accountants, Statutory Auditor are as under:

(₹ in Crores)

Particulars	FY 2021-22	FY 2020-21
Varma & Varma, Chartered Accountants	0.20	0.22
Net Work entities and firms of Varma & Varma (if any)	-	-
<b>Total</b>	<b>0.20</b>	<b>0.22</b>

- xvi. The shareholders of the Company vide postal ballot resolution passed on February 25, 2022, had approved fund raising for a sum of upto ₹15 crores by way of preferential issue. Pursuant to the same, 5,15,463 warrants were issued and allotted to Rane Holdings Limited, Promoter / Promoter Group (RHL), at an issue price of ₹291/- per warrant on preferential basis. As on March 31, 2022, the Company has received ₹3.75 crores from RHL towards subscription, issue and allotment of 5,15,463 warrants. The Audit Committee has also reviewed and noted that there is no deviation/ variation in utilization of funds. The said warrants are convertible into underlying equity shares on or before September 08, 2023.
- xvii. The Company on a periodical basis reviews various policies framed under the Companies Act, 2013 and SEBI LODR and such other statutes, as applicable and amends them based on the requirement to ensure

conformity with relevant regulatory and industry changes.

- xviii. There were no loans / advances to firms/ companies in which Directors are interested.

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

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

#### 12. Whistle blower mechanism:

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

The policy and the mechanism for reporting have been appropriately communicated across all locations of the Company. During the year under review the Board of Directors amended certain provisions to strengthen the policy on procedural matters especially those governing the anonymous disclosures, committees, ombudsperson and timelines for detailed enquiry. No person has been denied access to the ombudsperson / Audit Committee. The whistle blower policy has also been posted in the Company's website at [https://ranegroup.com/revl\\_investors/whistle-blower-policy/](https://ranegroup.com/revl_investors/whistle-blower-policy/).

#### 13. Means of communication

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

The Company has not printed physical copies of annual report for distribution in view of exemption available vide circular(s) circular no. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs ("MCA") read with previous circulars and SEBI circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in this regard. However, the hard copies of annual reports were dispatched to those shareholders whose email address were not registered with depositories/

company. The full Annual Report was made available on the website of the Company and also disseminated to the stock exchanges where shares of the Company are listed. The electronic copies of the annual report and the notice convening the 49<sup>th</sup> AGM were sent to all the members whose e-mail addresses were registered with the Company or their respective Depository Participants (DP).

#### 14. General Shareholder Information

##### i. Annual General Meeting

June 28, 2022 (Tuesday) at 10:00 hrs (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

##### ii. Financial Year: April 01, 2022 – March 31, 2023

###### Financial Calendar:

Board meeting for approval of	Tentative schedule
Audited Annual financial results and financial statements for the year ended March 31, 2022	May 16, 2022
Un-audited financial results for the 1st quarter ending June 30, 2022	By fourth week of July 2022
Un-audited financial results for the 2nd quarter ending September 30, 2022	By fourth week of October 2022
Un-audited financial results for the 3rd quarter ending December 31, 2022	By fourth week of January 2023

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

##### iii. Dividend

No dividend has been declared for FY 2021-22.

##### iv. Listing on Stock Exchanges

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

###### Listing Fee

The shares of the Company are listed on NSE & BSE which provide nationwide access to trade and deal in Company's equity shares across the country. The Company has paid the Annual Listing fee for the financial year 2022-23 to NSE & BSE where the shares of the Company continue to be listed. There shares of the Company were not suspended from trading during the FY 2021-22.

##### v. Unpaid / Unclaimed Dividends

Pursuant to the provisions of Section 124 of the Companies Act, 2013, Dividend for the financial year ended March 31, 2014 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile Kar Mobiles Limited), was transferred to the Investor Education and Protection Fund (IEPF) of the Central Government within the respective due dates.

During the year, the Company had transferred to IEPF the unclaimed Final Dividend of ₹1,80,700/- for the financial year ended March 31, 2014 to IEPF on September 13, 2021. Members who have not encashed the Dividend warrants are requested to make their claim to the Company. Information in respect of such unclaimed Dividends when due for transfer to the said fund is given below:

(Amount in ₹)

Year	Date of declaration	Dividend per share <sup>#</sup>	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2022) <sup>^</sup>	Last Date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2015	21.07.2015	2.50**	2,21,597.50	27.08.2022	26.09.2022
31.03.2017	21.08.2017	2.50**	2,56,882.50	27.09.2024	27.10.2024

<sup>#</sup> Share of paid-up value of ₹ 10/- per share

<sup>^</sup> Amounts reflect the confirmation of balance issued by Bank(s)

\*\* Represents final dividend

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed Dividend amounts as on March 31, 2021 in accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The above details were also uploaded on the website of the Company viz. [www.ranegroup.com](http://www.ranegroup.com).

vi. **Transfer of shares to IEPF Authority**

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

During the year under review, the Company transferred to IEPF Authority the following shares:

Year from which Dividend has remained unclaimed / unpaid for seven consecutive years	No. of shares transferred
2013-14 <sup>§</sup>	7,137

<sup>§</sup> pertains to Kar Mobiles Limited since amalgamated with the Company

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

No claim shall lie against the Company in respect of any dividend or shares transferred to the IEPF Authority. However, the shareholders may claim their shares / dividend by filing the electronic request for the same by following the procedure prescribed on the website of IEPF at [www.iepf.gov.in](http://www.iepf.gov.in). The shares relating to

unclaimed Dividend for FY 2014-15 (Final) are liable to be transferred to IEPF Authority during the current FY 2022-23. In this regard, the Company shall intimate/ publish notice in newspapers and requisite details would be made available on the Investors section of the Company's website at [www.ranegroup.com](http://www.ranegroup.com). The concerned shareholders are requested to claim their shares before the due dates of transfer of shares to the IEPF, specified therein newspapers and Company website.

vii. **Unclaimed share suspense**

In accordance with regulation 39 read with Schedule V of SEBI LODR, the Company reports the movement of unclaimed shares in unclaimed share suspense account during the year. The voting rights of these shareholders shall remain frozen till the rightful owner of such shares claims the same. The movement of unclaimed shares in unclaimed share suspense account, during the year are as follows:

Details of Unclaimed Suspense account	Number of shareholders	Outstanding shares
<b>Aggregate at the beginning of the year</b>	17	1,913
Requests for transfer during the year	-	-
Transfers during the year	-	-
<b>Balance at the end of the year</b>	17	1,913

viii. **Share Price Data:**

The equity shares of the Company are listed and admitted to dealings on two nationwide stock exchanges viz. National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE). The share price data as quoted on the NSE and BSE along with the movement in the respective stock index during the last financial year viz., April 1, 2021 - March 31, 2022 is given below:

Month	BSE		BSE Sensex		NSE		NSE Nifty	
	Share Prices (in ₹)		High	Low	Share Prices (in ₹)		High	Low
	High	Low			High	Low		
April 2021	293.00	245.00	50,375.77	47,204.50	285.00	248.25	15,044.35	14,151.40
May 2021	330.40	255.00	52,013.22	48,028.07	334.00	261.95	15,606.35	14,416.25
June 2021	335.00	272.50	53,126.73	51,450.58	335.00	277.00	15,915.65	15,450.90
July 2021	386.00	298.30	53,290.81	51,802.73	386.40	301.20	15,962.25	15,513.45
August 2021	358.20	259.60	57,625.26	52,804.08	358.80	245.00	17,153.50	15,834.65
September 2021	329.80	278.50	60,412.32	57,263.90	329.90	280.10	17,947.65	17,055.05
October 2021	304.70	263.10	62,245.43	58,551.14	305.50	265.25	18,604.45	17,452.90
November 2021	292.70	251.90	61,036.56	56,382.93	279.40	251.65	18,210.15	16,782.40
December 2021	317.40	252.90	59,203.37	55,132.68	317.00	255.00	17,639.50	16,410.20
January 2022	304.20	264.30	61,475.15	56,409.63	303.80	263.00	18,350.95	16,836.80
February 2022	300.00	242.20	59,618.51	54,383.20	301.80	241.20	17,794.60	16,203.25
March 2022	290.00	235.20	58,890.92	52,260.82	280.70	235.95	17,559.80	15,671.45

source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)

**ix. Registrar and Transfer Agent**

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

**Integrated Registry Management Services Private Limited**  
SEBI Registration No. INR000000544

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

Phone: 28140801 - 03, Fax: 28142479, 28143378

e-mail ID: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

Website: [www.integratedindia.in](http://www.integratedindia.in)

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

**x. Share Transfer System**

The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee which approves the share transfers and demat / remat requests in co-ordination with the RTA.

The Share transfers and transmissions are approved and registered within prescribed timelines. On an yearly basis, the compliance with the share transfer / transmission formalities is audited by a Practicing Company Secretary (PCS) in terms of Regulation 40(10) of SEBI (LODR) with the stock exchanges and a certificate to this effect is filed with the stock exchanges.

**xi. Distribution of shareholding as on March 31, 2022**

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	6,916	93.52	5,09,435	7.58
501 - 1000	234	3.16	1,68,237	2.50
1001 - 2000	120	1.62	1,72,907	2.57
2001 - 3000	32	0.43	79,053	1.18
3001 - 4000	20	0.27	69,953	1.04
4001 - 5000	17	0.24	74,188	1.10
5001 - 10000	21	0.28	1,51,612	2.26
10001 & above	35	0.48	54,93,607	81.77
<b>Total</b>	<b>7,395</b>	<b>100.00</b>	<b>67,18,992</b>	<b>100.00</b>

**xiv. Credit Rating**

The details of credit ratings, including revisions, if any, assigned to the debt instruments / total bank loan facilities of the Company during the year ended March 31, 2022 are as follows:

Rating Agency	Security - Type	(₹ in Crores)	Credit Rating	Outlook	Status (Assigned / Re-affirmed / Revised / Withdrawn)	Date of credit rating
CRISIL Limited	Long term	198.00	BBB	Negative	Re-affirmed	June 04, 2021
	Short term	2.00	A3+	Stable		

**xii. Shares Dematerialization**

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2022, about 97.78% of the shareholdings have been dematerialised. The promoter and promoter group hold their entire shareholding only in dematerialised form. A comparative table of physical and demat holdings for the current and previous financial year is given below:

Particulars	Number of shares - As on		% to total capital - As on	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Physical	1,48,963	1,57,160	2.22	2.34
Demat	65,70,029	65,61,832	97.78	97.66
<b>Total</b>	<b>67,18,992</b>	<b>67,18,992</b>	<b>100.00</b>	<b>100.00</b>

A reconciliation of share capital, audited by Practicing Company Secretary (PCS) is submitted to the Stock Exchanges on a quarterly basis in terms of regulation 76 of SEBI (Depositories and Participants) Regulations, 2018. The Company is taking initiatives to reach out to investors holding shares in physical form, to dematerialize their shareholding immediately to avoid any inconvenience and avail numerous benefits of dematerialisation, which include easy liquidity / trading.

**Demat ISIN: INE222J01013**

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

**Transfer / Transmission / issue of duplicate share certificates of shares in demat mode only**

As per SEBI norms, with effect from January 25, 2022, all transmission/transfer requests including issuance of duplicate share certificates are mandatorily to be processed in dematerialised form only.

**xiii. Plant Locations - Refer corporate overview section of the Annual Report.**

xv. Address for communication:

The Compliance officer  
**Rane (Engine) Valve Limited**  
Rane Corporate Centre,  
"Maithri", No. 132, Cathedral Road,  
Chennai - 600 086  
Phone: 28112472  
e-mail ID: [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com)

OR

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

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Annexure (i)

To  
The Members,  
Rane Engine Valve Limited

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

I, hereby declare that to the best of my knowledge and information, all the Board members and Senior Management Personnel have affirmed compliance with 'Ethical Standards of Behaviour - RANE COMPASS', the code of conduct, for the year ended March 31, 2022.

Chennai  
May 16, 2022

**Murali K Rajagopalan**  
Manager

## Annexure (ii)

## CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

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

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

We hereby certify that, in our opinion, none of the below named Directors who are on the Board of Directors of **RANE ENGINE VALVE LIMITED** ("the Company") as on **March 31, 2022**, as listed below, have been debarred or disqualified from being appointed or continuing as Directors of Companies, by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of the Director	Nature of Directorship	Director Identification Number (DIN)
1.	Ganesh Lakshminarayan	Chairman, Non-Executive, Promoter	00012583
2.	Harish Lakshman	Vice-Chairman, Non-Executive, Promoter	00012602
3.	Srivatsan Coimbatore Natarajan	Non-Executive, Independent	00002194
4.	Ashok Malhotra	Non-Executive, Independent	00029017
5.	Anil Kumar Venkat Epur	Non-Executive, Independent	00202454
6.	Dr. Brinda Jagirdar	Non-Executive, Independent	06979864

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

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

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of Directors of the Company. Our responsibility is to express an opinion on this, based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of its Corporate Governance process or process followed by its management with regard to appointment/continuation of a person as a Director on the Board of Directors of the Company.

**For S. Krishnamurthy & Co.,**  
Company Secretaries,  
(Peer Review Certificate No.739/2020)

**Sharanya Sriram**  
Partner

Membership No.: F10252  
Certificate of Practice No.: 12731  
UDIN: F010252D000329956

Chennai  
May 16, 2022

### Annexure (iii)

## INDEPENDENT AUDITOR'S CERTIFICATE

To  
 The Members  
 Rane Engine Valve Limited

1. We, Varma and Varma, Chartered Accountants, the Statutory Auditors of Rane Engine Valve Limited ('the Company'), have examined the compliance of the conditions of Corporate Governance by the Company for the year ended March 31, 2022 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred in Regulation 15(2) of the Listing Regulations.

#### Management's Responsibility

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

#### Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the books of account and other relevant records and documents maintained by the company for the purpose of providing reasonable assurance on the compliance with the corporate governance requirements by the company.
5. We conducted our examination of the relevant records of the company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the standards on auditing specified under section 143(10)

of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

7. Based on our examination of relevant records and according to the explanations given to us and based on our reliance upon the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations during the year ended March 31, 2022.
8. We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**P R Prasanna Varma**  
 Partner  
 Membership No.: 025854  
 UDIN: 22025854AJAUHM6738

Chennai  
 May 16, 2022

# INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
Rane Engine Valve Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Rane Engine Valve Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its losses and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under

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

### Emphasis of Matter

We draw attention to Note 1.3.5 to the financial statements, which describes the impact due to the COVID-19 pandemic situation on the Company's financial results, as assessed by the management, and the uncertainties associated with it considering the nature and duration of the pandemic.

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

### Key Audit Matters

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

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



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

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

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

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

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

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified

under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 18 to the financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv.
    - i. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded

in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- ii. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- iii. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- iv. The company has not declared or paid any dividend during the year and hence, the related reporting requirements under sub-clause (f) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

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

**P R Prasanna Varma**  
Partner

Place: Chennai  
Date: May 16, 2022

M.No. 025854  
UDIN : 22025854AJAOXG6906

## ANNEXURE 'A'

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RANE ENGINE VALVE LIMITED FOR THE YEAR ENDED MARCH 31, 2022

- (i) a. (A)The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Property and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b. The Company has a program of physical verification to cover all the items of Property, Plant and Equipment, Investment Property and right-of-use assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.
- c. According to the information and explanations given to us and based on the examination of the records of the company including confirmations received from banks in respect of title deeds deposited with them, wherever applicable, and having regard to the respective schemes of amalgamation and/or merger approved by the relevant High Courts in respect of properties existing in the name of entities that have merged with the Company in earlier years, we report that the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements are held in the name of the Company as at the balance sheet date, except in the case of factory land at one of its manufacturing plants (gross carrying value - ₹0.52 Crores) wherein the local authority has claimed the title of property and in respect of which, the company has obtained a stay order from the Honourable High Court of Telangana.
- d. The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- e. According to the information and explanations given to us and based on the examination of the records of the company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year. According to the information and explanations given to us and based on the examination of the records of the company, we are of the opinion that the coverage and procedure of such verification by the management is appropriate and no material discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such physical verification.
- b. The quarterly returns or statements filed by the company with banks in respect of working capital limits in excess of five crore rupees, in aggregate, on the basis of security of current assets, are in agreement with the books of account of the Company. The Company has not availed working capital limit from any financial institution.
- (iii) The Company has made investments in, companies, and has granted unsecured interest free loans to its employees, during the year, in respect of which, according to the information and explanations given to us and based on the records of the company examined by us:
- a. The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year and hence reporting under clause 3(iii)(a) of the order is not applicable
- b. In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest. The company has not provided any guarantee or given any security during the year.
- c. In respect of interest free loans granted by the Company to its employees, the schedule of repayment of principal has been stipulated and the repayments of principal amounts have generally been regular as per stipulation.
- d. In respect of interest free loans granted by the Company to its employees, there is no overdue amount remaining outstanding as at the balance sheet date.
- e. No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties. Hence, reporting under clause 3(iii)(f) of the Order is not applicable.

- f. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) of the Order is not applicable.
- (iv) According to the information and explanations given to us and based on the records of the company examined by us, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of investments made during the year. The company has not granted any loans or given any security or guarantee for which the provisions of section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) The Central Government has prescribed the maintenance of cost records under Section 148 (1) of the Act in respect of certain products manufactured by the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie,

the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) a. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at March 31, 2022 are as follows:

Name of the Statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.79	April 2010 to March 2011	Income Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income Tax	0.01	April 2011 to March 2012	Commissioner of Income Tax - Appeals, Chennai
Income Tax Act, 1961	Income Tax	0.90	April 2002 to March 2004, April 2007 to March 2008 and April 2013 to March 2014	Commissioner of Income Tax, Chennai
Maharashtra Value Added Tax Act, 2002	Maharashtra VAT	0.49	April 2011 to March 2012 & April 2013 to March 2014	Jt. Commissioner of Sales Tax, Maharashtra
Telangana Value Added Tax Act, 2005	Telangana VAT	0.06	April 2013 to June 2017	Jt. Commissioner of Sales Tax, Telangana

- (viii) As per the information and explanations furnished to us, and according to our examination of the records of the Company, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Hence, reporting under clause 3(viii) of the Order is not applicable.
- (ix) As per the information and explanations furnished to us, and according to our examination of the records of the Company
- a. The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender.
- b. The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- c. the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
- d. On an overall examination of the financial statements of the Company, we report that during the year, no funds raised on short-term basis have, prima facie, been used, for long-term purposes by the Company.
- e. The Company does not have any subsidiaries, associates or joint ventures and hence, reporting on clause 3(ix)(e) of the Order is not applicable.
- f. The Company does not have any subsidiaries, associates or joint ventures and hence, reporting on clause 3(ix)(f) of the Order is not applicable.
- (x) As per the information and explanations furnished to us, and according to our examination of the records of the Company,

- a. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) As per the information and explanations furnished to us, and according to our examination of the records of the Company,
- a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b. No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c. As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on the records of the Company examined by us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details thereof have been duly disclosed in Note 28 to the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) a. In our opinion the Company has an internal audit system commensurate with the size and the nature of its business.
- b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us and based the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors and hence, reporting under clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and the records of the Company examined by us,
- a. the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable.
- b. The company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Hence, reporting under clause 3(xvi)(b) of the Order is not applicable.
- c. The company is a not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
- d. As represented to us by the management, there is no core investment company as defined in the regulations made by the Reserve Bank of India within the Group. Hence, reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us and based the records of the Company examined by us, the company is not required to incur any expenditure towards Corporate Social Responsibility activities, and hence reporting under clause 3(xx) of the Order is not applicable.

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

**P R Prasanna Varma**  
Partner

Place: Chennai  
Date: May 16, 2022

M.No. 025854  
UDIN : 22025854AJAOXG6906

## ANNEXURE 'B'

REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RANE ENGINE VALVE LIMITED FOR THE YEAR ENDED MARCH 31, 2022

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

We have audited the internal financial controls over financial reporting of Rane Engine Valve Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**P R Prasanna Varma**  
Partner

Place: Chennai  
Date: May 16, 2022

M.No. 025854  
UDIN : 22025854AJAOXG6906

# BALANCE SHEET

## AS AT MARCH 31, 2022

(₹ in Crores)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Property, Plant and Equipment	2(A)	79.95	91.79
Right-of-use assets	2(B)	1.53	0.06
Capital Work-in-Progress	2(C)	4.75	1.70
Investment Property	2(D)	0.31	0.31
Intangible Assets	2(E)	0.30	0.19
Financial Assets			
- Investments	3	2.15	0.94
- Other Financial Assets	4	4.68	4.92
Deferred tax assets (net)	10	32.25	28.98
Tax Assets (net)	9	6.93	7.63
Other Non-Current Assets	5	3.15	0.84
<b>Total Non-Current Assets</b>		<b>136.00</b>	<b>137.36</b>
<b>Current Assets</b>			
Inventories	6	88.19	55.75
Financial Assets			
- Trade Receivables	7	79.48	77.35
- Cash and Cash Equivalents	8	0.91	23.67
- Bank balances other than above	8	0.06	0.07
- Other Financial Assets	4	2.45	2.39
Other Current Assets	5	4.50	5.67
<b>Total Current Assets</b>		<b>175.59</b>	<b>164.90</b>
<b>TOTAL ASSETS</b>		<b>311.59</b>	<b>302.26</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	6.72	6.72
Other Equity	12	90.44	98.44
<b>Total Equity</b>		<b>97.16</b>	<b>105.16</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
- Borrowings	13	30.90	51.64
- Lease Liabilities	14(A)	0.88	0.03
- Other Financial Liabilities	14(B)	0.86	-
Provisions	15	15.44	16.49
Other Non-Current liabilities	17	0.23	-
<b>Total Non-Current Liabilities</b>		<b>48.31</b>	<b>68.16</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
- Borrowings	13	96.68	62.81
- Lease Liabilities	14(A)	0.74	0.04
- Trade Payables	16		
- Micro & Small Enterprises		3.39	0.43
- Others		50.19	55.56
- Other Financial Liabilities	14(B)	11.70	7.57
Other Current Liabilities	17	2.28	1.24
Provisions	15	1.14	1.29
<b>Total Current Liabilities</b>		<b>166.12</b>	<b>128.94</b>
<b>TOTAL LIABILITIES</b>		<b>214.43</b>	<b>197.10</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>311.59</b>	<b>302.26</b>
Significant Accounting Policies and key accounting estimates and judgements	1		
See accompanying notes to financial statements	2-42		

As per our report of even date attached

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

**P R Prasanna Varma**  
Partner  
Membership no: 025854

Chennai  
May 16, 2022

**Harish Lakshman**  
Vice Chairman  
DIN: 00012602

**Murali K Rajagopalan**  
Manager

For and on behalf of the Board

**Ganesh Lakshminarayan**  
Chairman  
DIN : 00012583

**M Vivekanandaa**  
Company Secretary

**V K Vijayaraghavan**  
Chief Financial Officer



# STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
<b>Revenue</b>			
Revenue from Operations	19	382.06	301.85
Other Income	20	2.89	3.09
<b>Total Revenue</b>		<b>384.95</b>	<b>304.94</b>
<b>Expenses</b>			
Cost of Raw Materials Consumed	21	160.77	108.56
Purchase of Stock-in-Trade	22	9.44	5.17
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	23	(18.86)	19.81
Employee Benefits Expense	24	113.87	92.64
Finance Costs	25	7.89	8.19
Depreciation and Amortization	2(A),2(B),2(E)	20.00	23.00
Other Expenses	26	103.30	79.50
<b>Total Expenses</b>		<b>396.41</b>	<b>336.87</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>(11.46)</b>	<b>(31.93)</b>
Exceptional items	37	(3.55)	22.23
<b>Profit / (Loss) before tax</b>		<b>(15.01)</b>	<b>(9.70)</b>
<b>Tax Expense:</b>			
Current tax		-	-
Deferred Tax	10	(5.33)	(3.61)
Tax relating to earlier years		2.18	-
<b>Profit / (Loss) for the year</b>		<b>(11.86)</b>	<b>(6.09)</b>
<b>Other Comprehensive Income (OCI)</b>			
Items that will not be reclassified to statement of Profit and Loss			
(i) Remeasurement benefit/(loss) of defined benefit plans		0.17	0.20
(ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans		(0.06)	(0.07)
<b>Total Comprehensive Income for the Year</b>		<b>(11.75)</b>	<b>(5.96)</b>
Earning per Equity Share: (Refer Note No.33)			
Basic		(17.65)	(9.06)
Diluted		(17.65)	(9.06)
Number of shares of ₹ 10 each		6,718,992	6,718,992
Significant Accounting Policies and key accounting estimates and judgements	1		
See accompanying notes to financial statements	2-42		

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
Firm Registration No. 0045325

For and on behalf of the Board

**P R Prasanna Varma**  
Partner  
Membership no: 025854

**Harish Lakshman**  
Vice Chairman  
DIN: 00012602

**Ganesh Lakshminarayan**  
Chairman  
DIN : 00012583

Chennai  
May 16, 2022

**Murali K Rajagopalan**  
Manager

**M Vivekanandaa**  
Company Secretary

**V K Vijayaraghavan**  
Chief Financial Officer

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. Cash flow from operating activities</b>		
Net profit/(loss) before tax	(15.01)	(9.70)
Adjustments for:		
Depreciation & Amortisation Expense	20.00	23.00
Unrealised Foreign exchange loss / (gain) - Net	0.05	0.16
Finance Costs	7.89	8.19
Interest Income	(0.43)	(0.31)
(Gain) / Loss on disposal of Property, Plant & Equipment - Net	-	(24.01)
Assets Written off / Loss on Retirement of Assets	0.07	0.00
Provision for bad debts and bad debts written off / (written back)	(0.72)	(1.64)
Provision no longer required and balances written back	(1.28)	(0.53)
<b>Operating profit before working capital changes</b>	<b>10.57</b>	<b>(4.84)</b>
Adjustments for (Increase) / Decrease in :		
Trade receivables	(1.22)	(13.17)
Non-Current and Current financial assets	0.27	0.90
Inventories	(32.44)	20.42
Other Non-current and Current assets	1.16	4.50
Trade payables	(2.39)	8.33
Non-Current and Current financial liabilities	5.99	2.69
Other Non-Current and Current liabilities	1.27	(0.56)
Non-Current and Current provisions	(1.04)	3.27
<b>Cash generated from operating activities</b>	<b>(17.83)</b>	<b>21.54</b>
Income taxes (paid)/refund - (Net)	0.53	(0.11)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(17.30)</b>	<b>21.43</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment	(12.73)	(7.87)
Proceeds from sale of Property, Plant and Equipment	-	24.10
Purchase of Non-Current investments - Others	(1.21)	-
Interest received	0.42	0.34
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(13.52)</b>	<b>16.57</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from Non-Current borrowings	0.98	29.27
Repayment of Non-Current borrowings	(18.61)	(9.37)
Money received against share warrants	3.75	-
Proceeds from / (Repayment) of Current borrowings	30.44	(26.33)
Principal portion of Lease payments	(0.50)	(0.14)
Interest portion of Lease payments	(0.12)	(0.03)
Finance Costs paid	(7.86)	(8.29)
Dividend and Dividend tax paid	(0.02)	(0.02)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>8.06</b>	<b>(14.91)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>(22.76)</b>	<b>23.09</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash and cash equivalents at the beginning of the year	23.67	0.58
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>0.91</b>	<b>23.67</b>
<b>Notes:</b>		
(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash flow		
<b>(b) Cash and Cash Equivalents comprises of</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Balance with Banks:		
- Current Accounts	0.89	4.65
- Deposit with Bank with maturity less than 3 months	-	19.00
Cash on hand	0.02	0.02
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	<b>0.91</b>	<b>23.67</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

For and on behalf of the Board

**P R Prasanna Varma**  
Partner  
Membership no: 025854

**Harish Lakshman**  
Vice Chairman  
DIN: 00012602

**Ganesh Lakshminarayan**  
Chairman  
DIN : 00012583

Chennai  
May 16, 2022

**Murali K Rajagopalan**  
Manager

**M Vivekanandaa**  
Company Secretary

**V K Vijayaraghavan**  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crores)

Particulars	Share Capital	Other Equity					Total
		Capital Reserve	General Reserve	Hedge Reserve	Retained Earnings	Money received against share warrants	
Balance as at April 01, 2020	6.72	1.34	132.95	(0.12)	(29.89)	-	104.28
Profit / (Loss) for the year					(6.09)		(6.09)
Other Comprehensive Income / (Loss) for the year, net of taxes							
- Remeasurement of Defined Benefit Plans					0.13		0.13
- Effective portion of gains / (losses) on Cash Flow Hedge Instruments				0.12			0.12
Balance as at March 31, 2021	6.72	1.34	132.95	-	(35.85)	-	98.44
Profit / (Loss) for the year					(11.86)		(11.86)
Other Comprehensive Income / (Loss) for the year, net of taxes							
- Remeasurement of Defined Benefit Plans					0.11		0.11
Money received against share warrants						3.75	3.75
Balance as at March 31, 2022	6.72	1.34	132.95	-	(47.60)	3.75	90.44

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

**P R Prasanna Varma**  
Partner  
Membership no: 025854

Chennai  
May 16, 2022

**Harish Lakshman**  
Vice Chairman  
DIN: 00012602

**Murali K Rajagopalan**  
Manager

For and on behalf of the Board

**Ganesh Lakshminarayan**  
Chairman  
DIN : 00012583

**M Vivekanandaa**  
Company Secretary

**V K Vijayaraghavan**  
Chief Financial Officer

# NOTES FORMING PART OF FINANCIAL STATEMENTS

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

### 1. General Information

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

### 2. Summary of Significant accounting policies

#### 2.1 Basis of Preparation

##### Compliance with Indian Accounting Standards (Ind AS)

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

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

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

#### 2.2 Use of Estimates

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

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

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

#### 2.3 Property, Plant and Equipment

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

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

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

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

##### Depreciation

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life indicated below which is different from that stated in Schedule II to the Companies Act,2013.

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

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

Assets costing individually upto ₹10,000 are fully depreciated in the year of purchase.

### 2.4 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably.

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

### 2.5 Intangible Assets

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

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

Amortization method and useful lives are reviewed annually.

### 2.6 Assets Held for Sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through

sale in its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value less costs to sell. No depreciation is provided, once the asset is transferred to Assets Held for Sale.

### 2.7 Leases

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset. The Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for low value underlying assets. For these short-term and leases for low value underlying assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of use assets and lease liabilities include these options when it is reasonably certain that the option to extend the lease will be exercised/ option to terminate the lease will not be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation/ amortization and impairment losses.

Right-of-use assets are depreciated/amortized from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset by the end of lease term or if the cost of right-of-use assets reflects that the purchase option will be exercised. Otherwise, Right-of-use assets are depreciated /amortized from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 2.8 Impairment

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

### 2.9 Borrowing Cost

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

### 2.10 Inventories

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

estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

### 2.11 Foreign Currency Transaction

#### Initial Recognition

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

#### Subsequent Recognition

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

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

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

#### Derivative Financial instruments and Hedge Accounting

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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

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

### 2.12 Revenue Recognition

#### Sale of goods

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

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

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

#### Other Operating Income

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

#### Other Income

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

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

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

### 2.14 Employee Benefits

#### 1. Short - Term employee benefits

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

#### 2. Defined Contribution Plans

##### Provident Fund

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

##### Superannuation Fund

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

#### 3. Defined Benefit Plan

##### Gratuity

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



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

reflected immediately in retained earnings and is not reclassified to profit or loss.

#### 4. Other Long term employee benefits

##### Compensated Absence

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

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

#### 2.15 Taxes on Income

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

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

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

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

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

#### 2.16 Financial instruments

##### Initial recognition

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

##### Subsequent measurement

##### i. Financial assets carried at amortized cost

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

##### ii. Financial assets at fair value through profit or loss

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

##### iii. Financial liabilities

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

##### Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### Impairment

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

### 2.17 Fair Value

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

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

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

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

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

### 2.18 Government Grants

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

### 2.19 Research & Development Expenditure

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

intangible asset is recognized as an expense when it is incurred.

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

### 2.20 Provisions and Contingent Liabilities

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

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

### 2.21 Earnings Per Share

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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

#### 3.1. Useful lives of property, plant and equipment

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

#### 3.2. Employee Benefits

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

#### 3.3. Taxation

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

#### 3.4 Provisions and contingencies

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

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

The results for the current year are not comparable as such with that of the previous year as the Company's operations for a part of the year ended March 31, 2021 were suspended on account of the lockdown announced by the Government of India consequent

to the outbreak of COVID-19 pandemic. The company, based on the internal and external information available up to the date of approval of these financial results, has concluded that no adjustments are required in the carrying amounts of property, plant and equipment, deferred tax assets, inventories, trade receivables and other financial assets. While the COVID-19 situation adversely impact the business in the short term, the management does not anticipate any material medium to long term risk to its business prospects. However, given the uncertainties associated with the nature and duration of the pandemic, actual results may differ from those estimated as at the date of approval of the financial statements. The company will continue to monitor future economic conditions and update its assessment.

### 4. Recent Accounting Pronouncements

On March 23, 2022, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2022, with amendment to certain Ind AS that are applicable to the Company effective 1st April, 2022, as given below.

1. Ind AS 16 - Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.
2. Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets -
  - a. The amendment specifies that the 'cost of fulfilling' a contract (while assessing whether a contract is onerous) comprises the 'costs that relate directly to the contract' which can either be the incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling the contract.
  - b. Further, the requirement of recognising any impairment loss before a separate provision for an onerous contract is established has also been amended to cover all assets used in fulfilling the contract and not only the assets dedicated to that contract.
3. Ind AS 109 - Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

The Company has evaluated the effect of the above amendments on the financial statements and the impact is not expected to be material.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## Note 2(A) : Property, Plant and Equipment

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts of:</b>		
Freehold land (Refer Note 18.3)	1.98	1.98
Buildings	26.78	28.26
Plant and equipment	50.32	60.84
Furniture and Fixtures	0.22	0.31
Office Equipments	0.65	0.40
Vehicles	0.00	0.00
<b>Sub-Total</b>	<b>79.95</b>	<b>91.79</b>

(₹ in Crores)

Gross Block	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at March 31, 2020	1.98	36.64	178.58	1.92	3.06	0.01	222.19
Additions	-	0.04	6.34	0.04	0.22	-	6.64
Disposals	-	-	0.12	0.07	0.02	-	0.21
Balance as at March 31, 2021	1.98	36.68	184.80	1.89	3.26	0.01	228.62
Additions	-	0.19	6.67	0.11	0.56	-	7.53
Disposals	-	-	0.37	0.00	0.07	-	0.44
Balance as at March 31, 2022	1.98	36.87	191.10	2.00	3.75	0.01	235.71

(₹ in Crores)

Accumulated depreciation	Freehold land	Buildings	Plant and equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Balance as at March 31, 2020	-	6.73	103.44	1.47	2.58	0.01	114.23
Depreciation expense	-	1.69	20.62	0.18	0.30	-	22.79
Eliminated on Disposals	-	-	0.10	0.07	0.02	-	0.19
Balance as at March 31, 2021	-	8.42	123.96	1.58	2.86	0.01	136.83
Depreciation expense for the year	-	1.67	17.12	0.20	0.31	-	19.30
Eliminated on Disposals	-	-	0.30	0.00	0.07	-	0.37
Balance as at March 31, 2022	-	10.09	140.78	1.78	3.10	0.01	155.76
Carrying amount as at March 31, 2021	1.98	28.26	60.84	0.31	0.40	0.00	91.79
Carrying amount as at March 31, 2022	1.98	26.78	50.32	0.22	0.65	0.00	79.95

The title deeds of all immovable properties are either held in the name of the Company or stand vested with the company pursuant to the respective schemes of amalgamation and/or merger approved by the relevant High Courts in respect of properties existing in the name of entities that have merged with the Company in earlier years. In respect of leased properties where the company is the lessee, lease agreements have been duly executed in favour of the company

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### Note 2(B) : Leases

a) Right-of-use Assets				(₹ in Crores)
Particulars	Buildings	Vehicles	Total	
<b>Gross Block</b>				
Balance as at March 31, 2020	0.50	0.20	0.70	
Additions	-	-	-	
Disposals	0.50	-	0.50	
Balance as at March 31, 2021	-	0.20	0.20	
Additions	2.05	-	2.05	
Disposals	-	-	-	
Balance as at March 31, 2022	2.05	0.20	2.25	
<b>Accumulated depreciation</b>				
Balance as at March 31, 2020	0.13	0.07	0.20	
Eliminated on disposals	0.16	-	0.16	
Amortisation expense for the year	0.03	0.07	0.10	
Balance as at March 31, 2021	-	0.14	0.14	
Eliminated on disposals	-	-	-	
Amortisation expense for the year	0.54	0.04	0.58	
Balance as at March 31, 2022	0.54	0.18	0.72	
Carrying amount as on March 31, 2021	-	0.06	0.06	
Carrying amount as on March 31, 2022	1.51	0.02	1.53	

b) Movement in Lease liabilities				(₹ in Crores)
Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021		
Opening Balance	0.07	0.54		
Additions	2.05	-		
Finance costs accrued during the period	0.12	0.03		
Deletions	-	(0.33)		
Payment of Lease liabilities	(0.62)	(0.17)		
Closing Balance	1.62	0.07		

c) Other disclosures in relation to Leases				(₹ in Crores)
Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021		
Interest Expense on Lease Liabilities	Refer Note 25	Refer Note 25		
Lease expenses related to short term leases	0.52	1.08		
Lease expenses related to low value assets	-	-		
Total Cash Outflow for Leases	1.14	1.25		
Current / Non-Current Lease liabilities	Refer Note 14(A)	Refer Note 14(A)		
Maturity Analysis of Lease Obligation	Refer Note 32.3.3	Refer Note 32.3.3		

### Note 2(C) : Projects in Progress

Note 2(C) : Projects in Progress				(₹ in Crores)
Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021		
- Plant & Equipment	4.48	1.42		
- Office Equipment	0.14	0.15		
- Buildings	0.11	0.11		
- Licenses	0.02	0.02		
<b>Total</b>	<b>4.75</b>	<b>1.70</b>		

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in Crores)

Capital Work-in-progress Ageing	Year Ended March 31, 2022	Year Ended March 31, 2021
- Less than 1 year	4.45	1.45
- 1-2 years	0.30	0.25
- 2-3 years	-	-
- More than 3 years	-	-
<b>Total</b>	<b>4.75</b>	<b>1.70</b>

For capital-work-in progress, whose completion is overdue compared to its original plan, the project wise details of when the project is expected to be completed is given below:

(₹ in Crores)

Projects in progress	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>As at March 31, 2022</b>				
Light shade measurement system	0.11	-	-	-
Hydraulic seat grinding machine	0.07	-	-	-
<b>As at March 31, 2021</b>				
Seat Grinding Machine	0.25	-	-	-

## Note 2(D) : Investment Property

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts at Cost :</b>		
Investment property - Land	0.31	0.31
<b>Total</b>	<b>0.31</b>	<b>0.31</b>

Fair value of the Company's investment property :

(₹ in Crores)

Particulars	Level 3 (Guideline Value)	
	As at March 31, 2022	As at March 31, 2021
Fair Value	0.54	0.54

The fair value of investment property is not based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. It is determined based on the Guideline Value published by the relevant revenue authority.

## Note 2(E) : Intangible Assets

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts of:</b>		
Software Licenses	0.30	0.19
<b>Total</b>	<b>0.30</b>	<b>0.19</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in Crores)

Particulars	Internally Generated Process Knowhow	Software Licenses	Total
<b>Gross Block</b>			
Balance as at March 31, 2020	0.33	0.44	0.77
Additions	-	0.15	0.15
Disposals	-	-	-
Balance as at March 31, 2021	0.33	0.59	0.92
Additions	-	0.23	0.23
Disposals	-	-	-
Balance as at March 31, 2022	0.33	0.82	1.15
<b>Accumulated depreciation and impairment</b>			
Balance as at March 31, 2020	0.33	0.30	0.63
Eliminated on disposals	-	-	-
Amortisation expense	-	0.10	0.10
Balance as at March 31, 2021	0.33	0.40	0.73
Eliminated on disposals	-	-	-
Amortisation expense for the year	-	0.12	0.12
Balance as at March 31, 2022	0.33	0.52	0.85
Carrying amount as on March 31, 2021	-	0.19	0.19
Carrying amount as on March 31, 2022	-	0.30	0.30

### Note 3 : Non-Current Investments

(₹ in Crores)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Quantity	Amount	Quantity	Amount
<b>Unquoted Investments</b>				
Investment in Equity instruments at FVTPL (Fully Paid up)				
Capsol Energy Private Limited of ₹10 each	900,000	0.90	900,000	0.90
Shree MTK Textiles Private Limited of ₹100 each	3,780	1.21	-	-
CWRE Wind Power Private Limited of ₹10 each	568	0.00	568	0.00
Clean Wind Power (Manvi) Private Limited of ₹10 each	43,200	0.04	43,200	0.04
<b>Total Unquoted Investments</b>		<b>2.15</b>		<b>0.94</b>

### Note 4 : Other Financial Assets

(₹ in Crores)

Particulars	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
<b>Unsecured and considered good unless otherwise stated :</b>				
Security Deposits	4.35	4.90	-	-
Rent Deposits	0.31	-	0.01	0.43
Interest accrued on Deposits	-	-	0.36	0.36
Forward Contracts / Derivatives (Net)	-	-	0.08	-
Rebate of GST on Exports Receivable	-	-	1.27	1.31
Duty Drawback Receivable	-	-	0.52	0.18
<b>Deposits with Government Authorities</b>				
Sales Tax receivable	-	0.02	-	-
Loans to employees	0.02	-	0.21	0.11
<b>Total</b>	<b>4.68</b>	<b>4.92</b>	<b>2.45</b>	<b>2.39</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## Note 5 : Other Assets

(₹ in Crores)

Particulars	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Unsecured and considered good unless otherwise stated :				
Capital Advances	3.15	0.84	-	-
Prepaid Expenses	-	-	2.20	1.66
MEIS Scrips received	-	-	1.11	0.01
MEIS Receivable	-	-	0.44	2.59
Advances to Employees	-	-	0.14	0.16
Balance with government authorities				
Customs Duty	-	-	0.30	0.34
Goods and Service Tax	-	-	-	0.25
Other Advances				
Considered Good	-	-	0.31	0.66
<b>Total</b>	<b>3.15</b>	<b>0.84</b>	<b>4.50</b>	<b>5.67</b>

## Note 6 : Inventories

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Valued at Lower of Cost or Realisable value		
Raw Materials (including Goods in Transit)	27.01	16.61
Work in Progress	16.08	12.47
Finished Goods (Refer Note. No.6.3)	27.90	14.66
Stock in Trade	2.71	0.69
Stores and Spares	14.49	11.32
<b>Total</b>	<b>88.19</b>	<b>55.75</b>

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

6.2 The cost of inventories recognized as an expense includes ₹0.43 Crores (during 2020-21: ₹(0.24) Crores) in respect of write-downs of inventory to net realizable value.

6.3 Finished Goods includes Goods in Transit of ₹7.82 Crores (₹5.69 Crores).

6.4 The mode of valuation of inventories has been stated in Note 1.2.10.

## Note 7 : Trade Receivables

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured		
Trade Receivables - Considered good (Refer Note. No.7.2)	79.48	77.35
Trade Receivables - Credit impaired	0.98	1.70
Expected credit loss allowance	(0.98)	(1.70)
<b>Total</b>	<b>79.48</b>	<b>77.35</b>

## 7.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience based on : a) Past trend of outstanding receivables > 120 days over a rolling period of past 24 months ; b) Past trend of the actual amount of bad debts written off over a rolling period of past 24 months and c) actual amount of outstanding receivables greater than 120 days as on the reporting date. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The range of provision created as a percentage of outstanding under various age groups below 120 days past ranges between 0.56% to 14.19%.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in Crores)

Movement in expected credit loss allowance	Year ended March 31, 2022	Year ended March 31, 2021
Balance at beginning of the year	1.70	3.34
Amount written back during the year	(0.72)	(1.64)
Balance at end of the year	0.98	1.70

7.2 Trade Receivables - considered good includes due from related parties of ₹0.10 Crores (₹0.16 Crores)

7.3 Trade Receivables Ageing Schedule

Particulars	Outstanding for following periods from due date of payment							
	Undisputed Dues				Disputed Dues*			
	As at March 31, 2022		As at March 31, 2021		As at March 31, 2022		As at March 31, 2021	
	considered good	credit impaired	considered good	credit impaired	considered good	credit impaired	considered good	credit impaired
Not Due	68.02	0.06	62.31	0.12	-	-	-	-
Less than 6 months	11.46	0.20	15.04	0.57	-	-	-	-
6 months -1 year	-	0.49	-	0.23	-	-	-	-
1-2 years	-	0.12	-	0.29	-	-	-	-
2-3 years	-	0.04	-	0.15	-	-	-	-
More than 3 years	-	0.07	-	0.34	-	-	-	-
<b>Total</b>	<b>79.48</b>	<b>0.98</b>	<b>77.35</b>	<b>1.70</b>	-	-	-	-

\*There are no trade receivables that are overdue on account of any outstanding legal disputes

### Note 8 : Cash and Cash Equivalents

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash and cash equivalents</b>		
Balance with banks		
In Current Accounts	0.89	4.65
In Deposit Accounts	-	19.00
Cash on hand	0.02	0.02
<b>Total</b>	<b>0.91</b>	<b>23.67</b>
<b>Bank balances other than above</b>		
Earmarked balances with banks		
Unclaimed Dividend accounts	0.05	0.06
Unclaimed REVL Fractional Shares account	0.01	0.01
<b>Total</b>	<b>0.06</b>	<b>0.07</b>

### Note 9 : Tax Assets / Liabilities (Net)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Tax Assets</b>		
Advance Income Tax (including Tax Deducted at Source)	68.51	69.04
Less : Provision for Income Tax	(61.58)	(61.41)
<b>Total</b>	<b>6.93</b>	<b>7.63</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## Note 10 : Deferred Tax

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

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	32.40	29.07
Deferred tax liabilities	(0.15)	(0.09)
<b>Total</b>	<b>32.25</b>	<b>28.98</b>

(₹ in Crores)

2021-22	Opening balance	Recognized in profit or loss	Recognized in Other comprehensive income	Recognized directly in other equity	Closing balance
<b>Deferred tax Asset/ (Liability) in relation to</b>					
Property plant and equipment and Intangible Assets	2.77	1.29	-	-	4.06
Expenses allowable under tax on actual payment basis	6.97	(0.26)	-	-	6.71
Voluntary Retirement Compensation Scheme	0.52	0.86	-	-	1.38
Provision for doubtful debts	0.59	(0.25)	-	-	0.34
Remeasurement benefit/(loss) of defined benefit plans	(0.09)	-	(0.06)	-	(0.15)
Unused Tax losses - unabsorbed depreciation	14.27	3.70	-	-	17.97
Unused Tax Credit - MAT Credit Entitlement (Refer Note 10.1)	3.95	(2.01)	-	-	1.94
<b>Net Deferred Tax Asset / (Liability)</b>	<b>28.98</b>	<b>3.33</b>	<b>(0.06)</b>	<b>-</b>	<b>32.25</b>

10.1 As part of its periodic assessment of the recoverability of unused tax losses and unused tax credits, the management has recognised the following adjustments in the Statement of Profit and Loss during the year under tax relating to earlier years:

- MAT Credit entitlements recognised in one of the earlier years of ₹1.79 Crores that is not likely to be utilised in the future before its expiry date
- Re-measurement impact (reduction) of ₹0.22 Crores in MAT Credit entitlement on account of an unfavourable income tax order received during the year in respect of one of the earlier years.

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

10.2 Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 ("the Ordinance") issued on September 20, 2019, corporate assesseees have been given an option to apply a lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. Based on an evaluation of the comparative tax costs considering the future performance forecasts, the management is of the opinion that it would not be beneficial for the company to avail the option under the Ordinance as above till the year in which the company's unused tax losses and MAT Credit entitlements are fully utilised. Accordingly, there is no impact at present in the measurement of tax expense for the year ended March 31, 2022 and the Deferred Tax Asset (net) as on that date.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### Note 11 : Authorized Share Capital

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorized Share Capital</b>		
1,23,50,000 Equity Shares (1,23,50,000 Equity Shares) of ₹10 each	12.35	12.35
1,50,000 13.5% Preference Shares (1,50,000 Preference Shares) of ₹10 each	0.15	0.15
	<b>12.50</b>	<b>12.50</b>
<b>Issued, Subscribed and Fully Paid Up</b>		
67,18,992 Equity Shares (67,18,992 Equity Shares) of ₹10 each	6.72	6.72
	<b>6.72</b>	<b>6.72</b>

#### 11.1 Reconciliation of number of shares

Particulars	2021-22		2020-21	
	No. of Shares	Amount (₹ in Crores)	No. of Shares	Amount (₹ in Crores)
<b>Equity Shares of ₹10 each fully paid up</b>				
At the beginning of the period	6,718,992	6.72	6,718,992	6.72
Additions/(Deletions) during the year	-	-	-	-
At the end of the period	6,718,992	6.72	6,718,992	6.72

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rane Holdings Limited, the Holding Company	3,683,054	54.82	3,683,054	54.82
Enam Share and Securities Private Limited	478,890	7.13	478,890	7.13

#### 11.3 Details of promoter and promoter group's shareholding in the company:

Name of Promoter	As at March 31, 2022		As at March 31, 2021		Percentage of change during the year
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	
Malavika Lakshman & Harish Lakshman	1,250	0.02%	1,250	0.02%	-
Chitra Sundaresan	189	0.00%	189	0.00%	-
Ganesh Lakshminarayan & Meenakshi Ganesh	85	0.00%	85	0.00%	-
Pushpa Lakshman & Lakshman Lakshminarayan	50	0.00%	50	0.00%	-
Vinay Lakshman	50	0.00%	50	0.00%	-
Harish Lakshman	50	0.00%	50	0.00%	-
Meenakshi Ganesh & Ganesh Lakshminarayan	50	0.00%	50	0.00%	-
Lakshman Lakshminarayan & Pushpa Lakshman	50	0.00%	50	0.00%	-
Aparna Ganesh	50	0.00%	50	0.00%	-
Aditya Ganesh	50	0.00%	50	0.00%	-
<b>Total</b>	<b>1,874</b>	<b>0.03%</b>	<b>1,874</b>	<b>0.03%</b>	

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

## Note 12 : Other Equity

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Reserve	1.34	1.34
General Reserve	132.95	132.95
Cash Flow Hedge Reserve	-	-
Money received against share warrants	3.75	-
Retained Earnings	(47.60)	(35.85)
<b>Total</b>	<b>90.44</b>	<b>98.44</b>

## 12.1 Capital Reserve

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	1.34	1.34
Add : Additions during the year	-	-
Less : Deductions during the year	-	-
<b>Closing balance</b>	<b>1.34</b>	<b>1.34</b>

## 12.2 General Reserve

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	132.95	132.95
Add : Additions during the year	-	-
Less : Deductions during the year	-	-
<b>Closing balance</b>	<b>132.95</b>	<b>132.95</b>

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

## 12.3 Hedge Reserve

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	-	(0.12)
Add : Additions during the year	-	-
Less : Deductions during the year	-	(0.12)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

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

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 12.4 Money received against share warrants

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	-	-
Add : Additions during the year	3.75	-
Less : Deductions during the year	-	-
<b>Closing balance</b>	<b>3.75</b>	<b>-</b>

Amounts received against share warrants that are pending to be allotted as at balance sheet date are disclosed as 'Money received against share warrants'.

During the year ended March 31, 2022, the company has allotted 5,15,463 warrants convertible into equity shares to Rane Holdings Limited (the holding company) on preferential basis at a price of ₹291 per warrant, carrying a right to subscribe to one equity share per Warrant. As per the terms of issue, 25% of the warrant price amounting to ₹3.75 Crores was received at the time of subscription and the balance 75% is to be paid at the time of conversion of share warrants to equity shares. These warrants are convertible into equity shares of the Company within a period of 18 months from the date of allotment of warrant.

### 12.5 Retained Earnings

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	(35.85)	(29.89)
Add:-		
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(11.86)	(6.09)
Other comprehensive income / (Loss) arising from remeasurement of defined benefit obligation net of income tax	0.11	0.13
<b>Closing Balance</b>	<b>(47.60)</b>	<b>(35.85)</b>

### Note 13 : Borrowings

(₹ in Crores)

Particulars	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
<b>Secured</b>				
Term Loans from Banks (Refer Note 13.1, 13.2 & 13.3)	30.90	51.64	14.78	11.66
Loans repayable on demand from banks (Refer Note 13.4)	-	-	78.92	46.09
<b>Unsecured</b>				
Bill Discounting from Banks (Refer Note 13.4 (ii))	-	-	2.98	5.06
<b>Total</b>	<b>30.90</b>	<b>51.64</b>	<b>96.68</b>	<b>62.81</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## 13.1 Details of the long term borrowings

Particulars	Repayment Start Date	O/s. Amt. as on March 31, 2022 (₹ in Crores)	Current Maturities (₹ in Crores)	Interest Rate (₹ in Crores)	No. of Quarterly/ Monthly Instalments as per agreement
<b>Rupee Term Loans*</b>					
HDFC Bank Ltd					
Loan 4	Apr/2022	10.98	3.67	0.92	12
Loan 5	Dec/2023	0.98	-	0.08	12
Federal Bank Ltd	Nov/2020	11.32	5.66	1.42	14
<b>Emergency Credit Line Guarantee Scheme(ECLGS) Loans</b>					
HDFC Bank Ltd					
	Apr/2022	10.54	2.58	0.22	49
Federal Bank Ltd					
	Apr/2022	11.86	2.87	-	46
<b>Total</b>		<b>45.68</b>	<b>14.78</b>		

\* The interest rate for INR loans ranges from 6.5% p.a to 8.57% p.a

## 13.2.

- i) Rupee Term loans are secured by Pari-passu basis first charge on the company's immovable and movable fixed assets both present and future.
- ii) ECLGS loans are secured as stated below:  
HDFC Bank Ltd - Secured by second rank charge on all existing primary and collateral securities including mortgages created in favour of the Bank.  
Federal Bank Ltd - Security interest/charge on all movable/immovable assets created out of the ECLGS Loan. Second charge on all primary and collateral securities available for the existing facilities with us.

## 13.3.

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

## 13.4

- i) Short term borrowings are secured with first pari-passu charge by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the company, both present and future.
- ii) Bill discounting from Banks represents liability in respect of vendor financing facility availed by certain Customers with recourse to the Company.
- iii) None of the above loans have been guaranteed by any Directors or others.

13.5 Quarterly stock statements filed by the Company with banks are in agreement with the books of accounts.

13.6 The Company has used the borrowings from banks availed during the year for the specific purpose for which it was taken.

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### Note 14(A) : Lease Liabilities

(₹ in Crores)

Particulars	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Lease obligations (Refer Note No.2B(b))	0.88	0.03	0.74	0.04
<b>Total</b>	<b>0.88</b>	<b>0.03</b>	<b>0.74</b>	<b>0.04</b>

### Note 14(B) : Other Financial Liabilities

(₹ in Crores)

Particulars	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	-	-	0.26	0.34
Unclaimed Dividends (Refer Note. No.35)	-	-	0.05	0.06
Unclaimed REVL Fractional Shares	-	-	0.01	0.01
Security / Trade Deposits	0.86	-	0.16	0.06
Employee Related dues	-	-	10.39	6.57
Payable on Purchase of Fixed Assets	-	-	0.83	0.45
Provision for Forward Contracts / Derivatives (Net)	-	-	-	0.07
Others	-	-	0.00	0.01
<b>Total</b>	<b>0.86</b>	<b>-</b>	<b>11.70</b>	<b>7.57</b>

### Note 15 : Provisions

(₹ in Crores)

Particulars	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits (Refer Note 29)				
Gratuity (Funded)	8.17	8.10	0.65	0.84
Leave Encashment (Unfunded)	7.27	8.39	0.49	0.45
<b>Total</b>	<b>15.44</b>	<b>16.49</b>	<b>1.14</b>	<b>1.29</b>

### Note 16 : Trade Payables

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Micro & Small Enterprises (Refer Note No.38)	3.39	0.43
Related Parties	0.85	1.59
Others	49.34	53.97
<b>Total</b>	<b>53.58</b>	<b>55.99</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## 16.1 Trade Payables Ageing Schedule

(₹ in Crores)

Particulars	Outstanding for following periods from due date of payment							
	Undisputed Dues				Disputed Dues*			
	As at March 31, 2022		As at March 31, 2021		As at March 31, 2022		As at March 31, 2021	
	MSME	Others	MSME	Others	MSME	Others	MSME	Others
Not Due	3.37	25.26	0.41	50.47	-	-	-	-
Less than 1 Year	0.02	24.81	0.02	4.84	-	-	-	-
1-2 years	0.00	0.07	-	0.16	-	-	-	-
2-3 years	-	0.03	-	0.01	-	-	-	-
More than 3 years	-	0.02	-	0.08	-	-	-	-
<b>Total</b>	<b>3.39</b>	<b>50.19</b>	<b>0.43</b>	<b>55.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*There are no trade payables that are overdue on account of any outstanding legal disputes

## Note 17 : Other Liabilities

(₹ in Crores)

Particulars	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Advance from Customers	-	-	0.37	0.04
Statutory Dues	-	-	1.85	1.20
Deferred Income	0.23	-	0.06	-
<b>Total</b>	<b>0.23</b>	<b>-</b>	<b>2.28</b>	<b>1.24</b>

## Note 18 : Contingent Liabilities and Commitments

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>18.1 Contingent Liabilities</b>		
Claims against the company not acknowledged as debt		
Labour Disputes	-	0.22
Income Taxes	2.39	3.63
Indirect Taxes	0.65	0.66
Others	0.73	0.73
<b>Total</b>	<b>3.77</b>	<b>5.24</b>

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

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

## 18.2 Capital Commitments

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	5.15	0.95

## 18.3 Other commitments

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



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### Note 19 : Revenue from Operations

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products (Refer Note No. 19.1)	378.98	299.71
Less : Discounts	5.11	3.04
	<b>373.87</b>	<b>296.67</b>
Sale of services	0.11	0.00
<b>Sub-Total</b>	<b>373.98</b>	<b>296.67</b>
Other operating revenues (Refer Note No.19.2)	8.08	5.18
<b>Total</b>	<b>382.06</b>	<b>301.85</b>

#### 19.1 Sale of Products Comprises

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Manufactured Goods</b>		
Valves	344.59	274.51
Guides	18.32	13.00
Tappets	1.67	1.12
	<b>364.58</b>	<b>288.63</b>
<b>Traded Goods</b>		
Valves	13.07	10.19
Piston Assembly	1.25	0.83
Valve Stem Seal	0.08	0.06
	<b>14.40</b>	<b>11.08</b>
<b>Total</b>	<b>378.98</b>	<b>299.71</b>

#### 19.2. Other Operating Revenue Comprises

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sale of Materials	3.11	1.43
Sale of Scrap	3.41	1.74
Sale of Tools	-	0.01
Export Incentive Receipts	1.57	2.00
<b>Total</b>	<b>8.09</b>	<b>5.18</b>

### Note 20 : Other Income

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest Income - On Financial Assets ( at amortized cost)	0.28	0.30
Interest on Income Tax Refund	0.14	0.01
Profit on Sale of Assets (Net)	-	0.06
Provision no longer required and balances written back	2.00	2.17
Other non-operating income	0.47	0.55
<b>Total</b>	<b>2.89</b>	<b>3.09</b>

### Note 21 : Cost of Raw Materials Consumed

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening Stock	16.61	16.50
Add : Purchases	150.95	94.09
Less : Closing Stock	27.01	16.61
<b>Sub-Total (Refer Note 27.2)</b>	<b>140.55</b>	<b>93.98</b>
Freight Inward	2.99	2.01
Job Work Expenses	17.23	12.57
<b>Total</b>	<b>160.77</b>	<b>108.56</b>

Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## Note 22 : Purchase of Stock-in-Trade

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Valves	7.34	4.67
Piston Assembly	2.02	0.48
Valve Stem Seal	0.08	0.02
<b>Total</b>	<b>9.44</b>	<b>5.17</b>

## Note 23 : Changes in inventories

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the beginning of the year:		
Finished goods	14.66	35.22
Work-in-progress	12.47	11.18
Stock-in-Trade	0.69	1.23
<b>Total</b>	<b>27.82</b>	<b>47.63</b>
Less: Inventories at the end of the year:		
Finished goods	27.90	14.66
Work-in-progress	16.08	12.47
Stock-in-Trade	2.70	0.69
<b>Total</b>	<b>46.68</b>	<b>27.82</b>
<b>Net (increase) / decrease</b>	<b>(18.86)</b>	<b>19.81</b>

## Note 24 : Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and Wages	96.31	78.32
Contributions to Provident and other Funds (Refer Note 29)	3.77	3.76
Contributions to Gratuity (Refer Note 29)	2.46	2.64
Staff welfare expenses	11.33	7.92
<b>Total</b>	<b>113.87</b>	<b>92.64</b>

## Note 25 : Finance Costs

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Borrowing Cost on Loans carried at amortized cost</b>		
Interest expense		
- Term Loans	4.05	3.80
- Bank Overdrafts & Others	3.51	4.31
- Lease Obligations	0.12	0.03
Other borrowing costs	0.04	0.04
Net (gain) / loss on foreign currency transactions and translation	0.17	0.01
	<b>7.89</b>	<b>8.19</b>
Finance costs on liabilities carried at amortized cost	-	-
<b>Total</b>	<b>7.89</b>	<b>8.19</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### Note 26 : Other Expenses

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Stores and Tools consumed (Refer Note No.27.3)	25.35	17.78
Power and Fuel	25.29	19.40
Trade Mark Fees	1.87	1.49
Repairs and Maintenance		
Plant and Equipment	12.71	10.32
Buildings	0.25	0.32
Others	3.15	2.93
Rent	0.52	1.08
Insurance	1.54	1.45
Rates and Taxes	0.82	0.76
Travelling and Conveyance	1.62	0.83
Printing & Stationery	0.32	0.27
Postage & Telecom Expenses	0.44	0.43
Professional and legal expenses	3.84	3.10
Information Systems	2.45	2.22
Selling and Distribution Expenses		
Packing and Forwarding	8.32	6.05
Freight Outward	10.10	6.40
Advertisement and Sales Promotion	0.75	0.64
Commission	0.02	0.08
Directors' Sitting Fees	0.10	0.01
Auditor's Remuneration (Refer Note No.27.1)	0.20	0.22
Assets Written Off	0.07	0.00
Exchange Loss (Net) - Other than considered under Finance Costs	0.79	1.09
Bank Charges	0.63	0.65
Administrative Expenses	0.06	0.06
Miscellaneous Expenses	2.09	1.92
<b>Total</b>	<b>103.30</b>	<b>79.50</b>

### Note 27.1 : Auditor's Remuneration

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a. as auditors - statutory audit	0.11	0.10
b. as auditors - limited review	0.07	0.06
c. for tax audit	0.02	0.02
d. for other services *	0.00	0.04
<b>Total</b>	<b>0.20</b>	<b>0.22</b>

\* Other services of previous year includes GST audit fee of Rs.0.02 Crs each for FY 18-19 & FY 19-20 respectively

### Note 27.2 : Raw Materials Consumed

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Imported	29.77	17.04
<b>Imported % to total</b>	<b>21.18%</b>	<b>18.13%</b>
Indigenous	110.78	76.94
<b>Indigenous % to total</b>	<b>78.82%</b>	<b>81.87%</b>
<b>Total</b>	<b>140.55</b>	<b>93.98</b>
<b>Total %</b>	<b>100.00%</b>	<b>100.00%</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## Note 27.3 : Stores and Tools Consumed

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Imported	0.30	0.20
Imported % to total	1.18%	1.11%
Indigenous	25.05	17.58
Indigenous % to total	98.82%	98.89%
Total	25.35	17.78
Total %	100.00%	100.00%

## Note 27.4 : CIF Value of Imports

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Raw materials;	27.28	12.30
Components and spare parts;	2.01	0.75
Capital goods;	0.37	2.83
Total	29.66	15.88

## Note 27.5 : Expenditure in foreign currency

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Professional and consultation fees	0.42	0.45
Finance Cost	0.03	0.16
Marketing Service Fees	0.70	0.63
Job Charges/Segregation charges	1.83	2.27
Foreign Travel	-	-
Others	0.06	0.04
Total	3.04	3.55

## Note 27.6 : Earnings in Foreign Currency

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Export of goods calculated on F.O.B. basis (including deemed exports)	122.59	89.04

## Note 28 : Related Party Disclosures

(₹ in Crores)

<b>List of related parties where control exists</b>	
(i) Holding company (Parent)	: Rane Holdings Limited (RHL)
<b>Other related parties where transactions have taken place during the year</b>	
(ii) Key Management Personnel	: Mr Murali K Rajagopalan, Manager & President Mr L Ganesh - Chairman (KMP of Parent entity) Mr Harish Lakshman - Vice Chairman (KMP of Parent entity)
(iii) Relatives of Key Management Personnel (KMP)	: Mr L Lakshman (Related party upto 27.05.2021)
(iv) Entities controlled by KMP	: Rane Foundation (RF) RT Automotive Systems Private Limited Savithur Enterprises Private Limited HL Hill Station Properties Private Limited
(v) Fellow Subsidiaries/ Associates/ Joint ventures of other entities	: Rane Madras Limited (RML) Rane Brake Lining Limited (RBL) Rane Holding America Inc (RHA) Rane Holding Europe GmbH (RHEG) Rane Light Metal Castings Inc. US (RLMCA) Rane t4u Private Limited Rane NSK Steering Systems Private Limited ZF Rane Automotive India Private Limited (Formerly known as Rane TRW Steering Systems Private Limited)
(vi) Post employment benefit plan of the entity	: Rane Engine Valve Limited Employees Gratuity Fund Rane Engine Valve Limited Senior Executives Pension Fund

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in Crores)

Particulars	Holding Company (Parent)		Fellow Subsidiaries/ Associates/ Joint ventures of other entities		Key Management Personnel		Relatives of Key Management Personnel		Entities controlled by KMP		Post employment benefit plan		Total	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
<b>Material transactions during the year</b>														
Sitting fee	-	-	-	-	0.03	0.01	0.00	0.00	-	-	-	-	0.03	0.01
Trade Mark Fees Paid	1.87	1.49	-	-	-	-	-	-	-	-	-	-	1.87	1.49
Reimbursement of Expenses Dr/(Cr)														
- RHL	0.19	-	-	-	-	-	-	-	-	-	-	-	0.19	-
- RML	-	-	-	0.01	-	-	-	-	-	-	-	-	-	0.01
Reimbursement of Employee Benefits & other misc expenses Dr/(Cr)														
- RBL	-	-	0.05	-	-	-	-	-	-	-	-	-	0.05	-
- Rane NSK Steering Systems Private Limited	-	-	0.06	-	-	-	-	-	-	-	-	-	0.06	-
Remuneration to Manager *	-	-	-	-	1.30	1.12	-	-	-	-	-	-	1.30	1.12
Sale of Valve														
- RML	-	-	1.90	1.20	-	-	-	-	-	-	-	-	1.90	1.20
Sale of Services														
- RML	-	-	0.00	-	-	-	-	-	-	-	-	-	0.00	-
- RBL	-	-	0.00	-	-	-	-	-	-	-	-	-	0.00	-
Purchase of Material														
- ZF Rane Automotive India Private Limited	-	-	0.12	0.06	-	-	-	-	-	-	-	-	0.12	0.06
Money received against share warrants - RHL	3.75	-	-	-	-	-	-	-	-	-	-	-	3.75	-
Services Received														
- RHL	3.91	3.54	-	-	-	-	-	-	-	-	-	-	3.91	3.54
- RHAI	-	-	0.44	0.32	-	-	-	-	-	-	-	-	0.44	0.32
- RHEG	-	-	0.19	0.31	-	-	-	-	-	-	-	-	0.19	0.31
- RML	-	-	0.07	-	-	-	-	-	-	-	-	-	0.07	-
Contributions to Post employment benefit plan	-	-	-	-	-	-	-	-	-	-	2.62	1.03	2.62	1.03

\* Remuneration to Key Management Personnel

(₹ in Crores)

Particulars	Holding Company (Parent)		Fellow Subsidiaries/ Associates/ Joint ventures of other entities		Post employment benefit plan		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Outstanding as at</b>								
<b>Amount Payable/(Advance) - Trade</b>								
- RHL	0.88	1.40	-	-	-	-	0.88	1.40
- RHAI	(0.04)	-	-	0.07	-	-	(0.04)	0.07
- RHEG	(0.02)	-	-	0.03	-	-	(0.02)	0.03
- ZF Rane Automotive India Private Limited	-	-	0.01	0.01	-	-	0.01	0.01
- RML	-	-	0.02	0.07	-	-	0.02	0.07
- Post Employment benefit plan	-	-	-	-	-	-	-	-
<b>Amount Receivable - Trade</b>								
- RML	-	-	0.10	0.16	-	-	0.10	0.16
- RBL	-	-	0.00	-	-	-	0.00	-

(₹ in Crores)

Remuneration Key Management Personnel	FY 22	FY 21
Short term benefits	1.22	1.08
Other Long term benefits	0.05	0.02
Termination benefits	0.03	0.02
<b>Total</b>	<b>1.30</b>	<b>1.12</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### Note 29 : Employee Benefit Plans

#### A. Defined contribution plans

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

##### (a) Provident fund and pension

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

##### (b) Superannuation fund

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

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

The total expense recognised in profit or loss of ₹3.70 Crores (for the year ended March 31,2021: ₹3.69 Crores) represents contributions paid to these plans by the company at rates specified in the rules of the plans.

#### B. Defined benefit plans

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

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

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

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### C. Details of defined benefit obligation and plan assets

#### Gratuity

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening defined benefit obligation	24.24	22.80
Current service cost	1.71	2.10
Interest Cost	1.58	1.35
Re-measurement (gains)/losses:		
- Actuarial gains and losses arising from changes in demographic assumptions	0.06	(0.26)
- Actuarial gains and losses arising from changes in financial assumptions	-	-
Benefits paid	(3.17)	(1.75)
<b>Closing defined benefit obligation</b>	<b>24.42</b>	<b>24.24</b>

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening fair value of plan assets	15.30	15.47
Interest income	0.84	0.82
Actuarial gain / (loss)	0.23	(0.06)
Contributions from the employer	2.40	0.82
Benefits Paid	(3.17)	(1.75)
<b>Closing fair value of plan assets</b>	<b>15.60</b>	<b>15.30</b>

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Present value of funded defined benefit obligation	24.42	24.24
Fair value of plan assets	(15.60)	(15.30)
<b>Funded status</b>	<b>8.82</b>	<b>8.94</b>
Restrictions on asset recognised	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>8.82</b>	<b>8.94</b>

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Service Cost :		
Current service cost	1.71	2.10
Past service cost and (gain) / loss from settlements	-	-
Net Interest Expense	0.74	0.54
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>2.45</b>	<b>2.64</b>
Remeasurement on the net defined benefit liability :		
Actuarial gains / (losses) arising from changes in demographic assumptions	(0.06)	0.26
Actuarial gains / (losses) arising from changes in financial assumptions	0.23	(0.06)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>0.17</b>	<b>0.20</b>

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

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### (v) Risk Exposure

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

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

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

Assumptions	March 31,2022	March 31,2021
Discount rate	6.96%	6.14%
Expected rate of salary increases	4.5% - 7%	4.5% - 7%
Expected rate of attrition	8.00%	5.00%
Average age of members	43.67	43.73
Average remaining working life	14.33	14.27

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

#### Sensitivity Analysis

Change in assumption	March 31,2022	March 31,2021
A. Discount Rate + 50 BP	7.46%	6.64%
Defined Benefit Obligation [PVO]	(0.39)	(0.20)
Current Service Cost	(0.16)	(0.14)
B. Discount Rate - 50 BP	6.46%	5.64%
Defined Benefit Obligation [PVO]	0.36	0.19
Current Service Cost	0.15	0.13
C. Salary Escalation Rate +50 BP	5% - 7.5%	5% - 7.5%
Defined Benefit Obligation [PVO]	0.23	0.21
Current Service Cost	0.14	0.14
D. Salary Escalation Rate -50 BP	4% - 6.5%	4% - 6.5%
Defined Benefit Obligation [PVO]	(0.22)	(0.20)
Current Service Cost	(0.13)	(0.12)

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

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

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

Defined benefit liability and employer contributions



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The weighted average duration of the defined benefit obligation is 10.23 years (2021-10.56 years). The expected maturity analysis of undiscounted gratuity is as follows:

(₹ in Crores)

Particulars	March 31, 2022	March 31, 2021
Year 1	1.03	0.97
Year 2	1.14	1.03
Year 3	1.05	1.14
Year 4	1.23	1.25
Year 5	1.26	1.28
Next 5 Years	5.93	5.73

### D. Other Long Term Employee Benefits - Leave Obligations

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

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

Assumptions	March 31, 2022	March 31, 2021
Discount rate	6.96%	6.14%
Expected rate of salary increases	4.5% - 7%	4.5% - 7%
Expected rate of attrition	8.00%	5.00%
Average age of members	43.67	43.73
Average remaining working life	14.33	14.27

### Note 30 : Segment Reporting

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

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

#### 30.2 Geographical Information

(₹ in Crores)

Particulars	Revenue from operations from external customers		Non - current assets**	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
India	258.80	212.32	89.99	94.89
Rest of World (including deemed exports)	123.26	89.53	-	-
<b>Total</b>	<b>382.06</b>	<b>301.85</b>	<b>89.99</b>	<b>94.89</b>

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

#### 30.3 Information about major customers

Revenue from sale of auto components to largest customers (greater than 10% of total sales) is ₹ Nil Crores (previous year ₹96.30 Crores)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## Note 31 : Income Taxes

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. The major components of income tax expense for the year are as under :</b>		
<b>i) Income tax recognised in the Statement of profit and loss</b>		
<b>Current tax:</b>		
In respect of current year	-	-
Adjustments in respect of prior years	0.17	-
<b>Deferred tax:</b>		
In respect of current year	(5.33)	(3.61)
Adjustments in respect of prior years (Refer Note 10.1)	2.01	-
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>(3.15)</b>	<b>(3.61)</b>
<b>ii) Income tax expense recognised in OCI</b>		
<b>Deferred tax:</b>		
Deferred tax expense on items recognised in OCI	0.06	0.07
<b>Income tax expense recognised in OCI</b>	<b>0.06</b>	<b>0.07</b>
<b>Total income tax expense /(gain) recognised in the Statement of Profit and Loss</b>	<b>(3.09)</b>	<b>(3.54)</b>

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

(₹ in Crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Profit/(Loss) before tax</b>	<b>(15.01)</b>	<b>(9.70)</b>
Income Tax expense calculated at 34.944%	(5.24)	(3.39)
Effect of items that are not deductible in determining taxable profit (Permanent Differences)	(0.00)	(0.20)
Effect of previously unrecognized deductible temporary differences now recognized	(0.09)	(0.02)
Adjustments recognized in the current year in relation to tax of prior years	2.18	-
<b>Income Tax expense/(gain) recognized in profit or loss</b>	<b>(3.15)</b>	<b>(3.61)</b>

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

## 32. Financial Instruments

## 32.1 Capital management

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in Crores)

32.2 Categories of financial instruments	As at March 31, 2022	As at March 31, 2021	
<b>Financial assets</b>			
<b>Measured at fair value through profit or loss (FVTPL)</b>			
Mandatorily measured:			
- Equity investments	2.15	0.94	
- Derivative instruments	0.08	-	
<b>Measured at amortised cost</b>			
- Trade receivables	79.48	77.35	
- Cash and cash equivalents	0.91	23.67	
- Other bank balances	0.06	0.07	
- Other financial assets (Current)	2.37	2.39	
- Other financial assets (Non-Current)	4.68	4.92	
<b>Financial liabilities</b>			
<b>Measured at fair value through profit or loss (FVTPL)</b>			
- Derivative instruments	-	0.07	
<b>Measured at amortised cost</b>			
- Borrowings (Long-term)	30.90	51.64	
- Borrowings (Short-term)	96.68	62.81	
- Lease Liabilities	1.62	0.07	
- Trade payables	53.58	55.99	
- Other Financial liabilities	12.56	7.57	
<b>Fair value hierarchy</b>			(₹ in Crores)
Particulars	As at March 31, 2022	As at March 31, 2021	Fair value Hierarchy
- Derivative instruments (Forward contracts)	0.08	(0.07)	Level-2
- Equity investments	2.15	0.94	Level-3

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The Company carries equity investment in three companies which were made at the respective face values. As per the Share Subscription agreements entered into by the company in respect of these investments, the shares shall be bought back at face value by the promoters of those companies upon termination of the agreement. Accordingly, the face value of these investments are regarded as the best estimate of its fair value.

Further, during the year the company has invested in another entity at its fair value as on the date of investment. As per the Share Subscription agreement entered into by the company in this regard, the shares shall be bought back by the promoters of the investee company upon termination of the agreement at the fair value as on that date. Since the investment was made during November 2021, the company does not anticipate a material change in the fair value between the investment date and the reporting date, and hence, the cost of investment (being the fair value as at the investment date) is regarded as the best estimate of its fair value as at the reporting date.

In view of the above, disclosure of the sensitivity of fair value measurement in unobservable inputs is not considered relevant.

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

### 32.3 Financial risk management

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

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

#### 32.3.1 Market Risk

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

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

##### (a) Interest rate risk

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

##### (b) Foreign Currency risk

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

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

(₹ in Crores)

Particulars	Liabilities as at		Assets as at	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
EURO	0.16	0.00	0.13	0.02
GBP	-	-	0.00	0.00
JPY	-	0.00	-	-
USD	0.38	0.08	0.28	0.23

### Foreign Currency sensitivity analysis

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

(₹ in Crores)

Particulars	Impact on profit or loss for the year		Impact on total equity as at the end of the reporting period	
	2021-2022	2020-2021	2021-2022	2020-2021
<b>Financial Assets</b>				
EURO	0.55	0.10	0.36	0.06
GBP	0.00	0.00	0.00	-
USD	1.05	0.84	0.68	0.55
<b>Financial Liabilities</b>				
EURO	0.66	0.02	0.43	0.01
GBP	-	-	-	-
JPY	-	0.00	-	0.00
USD	1.44	0.28	0.93	0.18
<b>Total</b>	<b>(0.50)</b>	<b>0.64</b>	<b>(0.32)</b>	<b>0.42</b>

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

### Forward foreign exchange contracts

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

Outstanding contracts	Average exchange rate		Foreign currency		Notional value		Fair value assets / (liabilities)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Cash flow hedges</b>								
<b>Buy USD</b>								
Less than 03 months		75.55		(0.00)		(0.36)	(0.35)	(0.35)
More than 3 months but upto 6 months		75.04		(0.03)		(2.16)	(2.14)	(2.14)
<b>Sell USD</b>								
Less than 03 months	76.31	73.14	0.05	0.06	3.43	4.39	3.42	4.40
More than 3 months but upto 6 months	77.59	73.69	0.03	0.06	2.33	4.42	2.31	4.46
<b>Sell Euro</b>								
Less than 03 months	86.20	-	0.03	-	2.59	-	2.54	-

The line-item in the balance sheet that include the above hedging instruments is "Other financial Assets"(previous year - "Other financial liabilities").

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### 32.3.2 Credit risk

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

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

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

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

### 32.3.3 Liquidity risk

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

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

(₹ in Crores)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total	Carrying Value
<b>March 31, 2022</b>					
Borrowings*	99.96	33.47	-	133.43	133.43
Trade payables	53.58	-	-	53.58	53.58
Derivative Financial Liabilities	-	-	-	-	-
Lease Obligations	0.85	0.92	-	1.77	1.77
Other Financial Liabilities	11.70	0.86	-	12.56	12.56
<b>Total</b>	<b>166.09</b>	<b>35.25</b>	<b>-</b>	<b>201.34</b>	<b>201.33</b>
<b>March 31, 2021</b>					
Borrowings*	67.42	57.17	-	124.59	124.59
Trade payables	55.99	-	-	55.99	55.99
Derivative Financial Liabilities	0.07	-	-	0.07	0.07
Lease Obligations	0.05	0.03	-	0.08	0.08
Other Financial Liabilities	7.57	-	-	7.57	7.57
<b>Total</b>	<b>131.10</b>	<b>57.20</b>	<b>-</b>	<b>188.30</b>	<b>188.30</b>

\*Reported amount includes expected interest payout on fixed tenor loans.

## 33 Earnings Per Share

Particulars	March 31, 2022	March 31, 2021
Profit after Tax (₹ in Crores)	(11.86)	(6.09)
Earnings used in the calculation of basic earnings per share (A)	(11.86)	(6.09)
Earnings used in the calculation of diluted earnings per share (B)	(11.86)	(6.09)
Number of equity Shares of ₹10 each outstanding at the end of the year	6,718,992	6,718,992
Weighted Average number of Equity Shares used in calculation of basic earnings per share (C)	6,718,992	6,718,992
Weighted Average number of Equity Shares used in calculation of diluted earnings per share* (D)	6,718,992	6,718,992
Earnings Per Share -Basic - in Rupees (A)/(C)	(17.65)	(9.06)
Earnings Per Share Diluted - in Rupees (B)/(D)	(17.65)	(9.06)

\*Share warrants that are outstanding as at March 31, 2022 were not considered in the calculation of diluted earnings per share, as their effect was anti-dilutive.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- 34 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the company. However there is no applicability u/s.135 to make contribution.
- 35 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund ("IEPF") as on March 31, 2022.
- 36 Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹1.45 Crores (Previous Year ₹1.16 Crores)

37 **Exceptional Items represents:**

Voluntary Retirement Scheme (VRS) expenditure incurred in respect of employees who have opted for VRS amounting to ₹3.55 Crores (Previous Year ₹1.72 Crores) and Profit on Sale of Land (net of incidental expenses) of Rs.Nil (Previous Year ₹23.95 Crores).

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

(₹ in Crores)

Particulars	March 31, 2022	March 31, 2021
a) Principal amount due	3.39	0.43
Interest due on the above	0.00	0.00
b) Interest paid during the period beyond the appointed day	0.00	0.00
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	6.43	0.81
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	-	-
e) Amount of interest accrued and remaining unpaid at the end of the period	0.04	0.00
f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act.	-	-

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

- 39 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



Expanding Horizons

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