Rane Engine Valve Ltd.

Registered Office:
" Maithri "
132, Cathedral Road,
Chennai 600 086.
India.
CIN : L744999TN1972PLC006127

Tel : 044 - 2811 2472
Fax : 044 - 2811 2449
URL : www.rane.co.in

REVL/SE/ /2016-17

June 27, 2016

BSE Limited (BSE) Corporate Relationship Department, 1st Floor, New Trading Ring, PJ Towers, Dalal Street, **Mumbai 400 001**	Listing Department **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.**
Code No. 532988	**Code : RANEENGINE**

Dear Sir / Madam,

Sub: Annual Report for 44th Annual General Meeting

Copy of the Annual Report of the 44th Annual General Meeting (AGM) being sent to the shareholders of the Company, is enclosed. The Annual Report of 44th AGM is also available on the website of the company at www.rane.co.in.

We request you to take the above on record as compliance with relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and acknowledge receipt.

Yours faithfully,
For **Rane Engine Valve Limited**

Siva Chandrasekaran
Executive Vice- President
(Secretarial and Legal)

RANE ENGINE VALVE LIMITED "MAITHRI" 132 CATHEDRAL ROAD CHENNAI-600 086

Encl: a/a



Rane Engine Valve Limited

44th Annual Report 2015-16

Rane
Expanding Horizons

EVL

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Caution regarding forward-looking statements

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



Dream. Design. Deliver.

As the world becomes One, it is in midst of paradigm shifts. Change and disruptions are becoming norms than exceptions. Financial gyrations in one country can have serious consequences in another. An economic slowdown sneeze in two-three countries can give major economies a serious cold. Technology innovations can change the course of the same or another industry. The era of isolation is long over.

No other industry is witnessing these rapid changes as the Auto industry. Electric cars, self-driving cars, new ownership models, the blurring lines between technology and auto companies... these are few of the disruptions causing upheavals in the auto and auto ancillary industries. But for the brave hearts and the prepared, these disruptions are also serious opportunities not to be missed.

We believe in the untapped rewards the disruption will bring to the industry. We think that the only way to surf the waves of the oncoming chaos is to map the future and start exploring ways to chart it. As a first step, we have created a blueprint - Vision 2020, for the Company to find new profitable spaces and consolidate existing market leadership. The essence of the new vision rests on 3D – Dream, Design and Deliver.

Dream...
a world-class enterprise

Design...
transport solutions for tomorrow

Deliver...
sustained accelerated value

The World of Rane Engine Valve Ltd.

We are manufacturers of components for internal combustion engine industry. We are also one of the leading suppliers to the Indian OEM & replacement market and an exporter to the Global OEM market. We offer engine valves, valve guides, tappets for passenger cars, commercial vehicles, farm tractors, stationary engines, locomotive & marine engines and two & three wheelers.



VISION

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

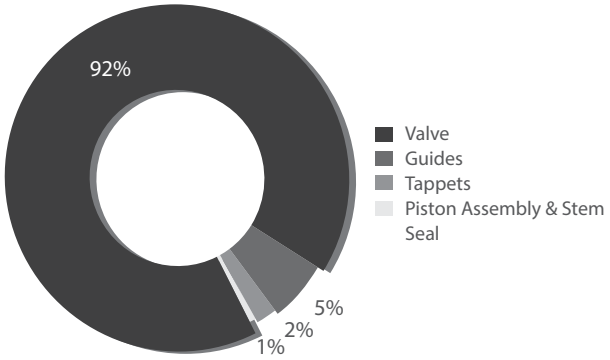
Manufacturing Plants

Locations	Products
Ponneri (Chennai)	Engine Valves, Guides & Tappets
Medchal (Hyderabad)	Engine Valves
Aziz Nagar (Hyderabad)	Engine Valves
Trichy	Engine Valves
Tumakuru	Engine Valves

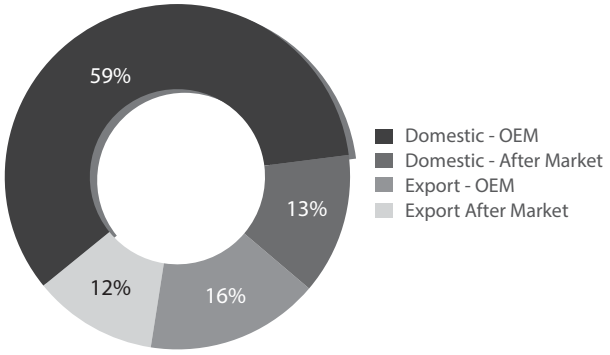
Quality Accreditation

ISO/TS 16949:2009	Quality Management Systems
ISO 14001:2004	Environmental Management System
Deming Grand Prize	Total Quality Management (TQM)

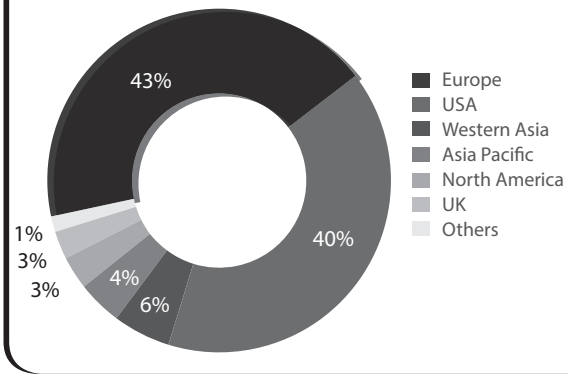
Revenue mix by product category (FY16)



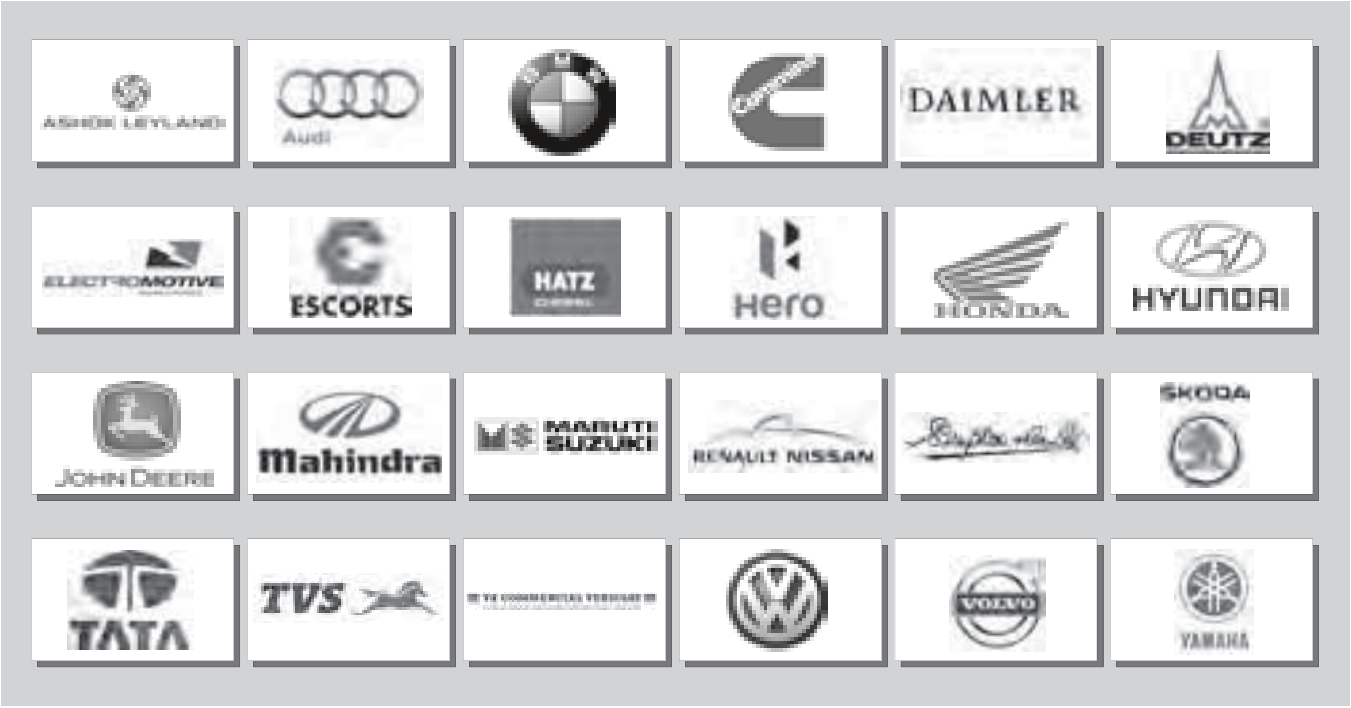
Revenue mix by user segment (FY16)



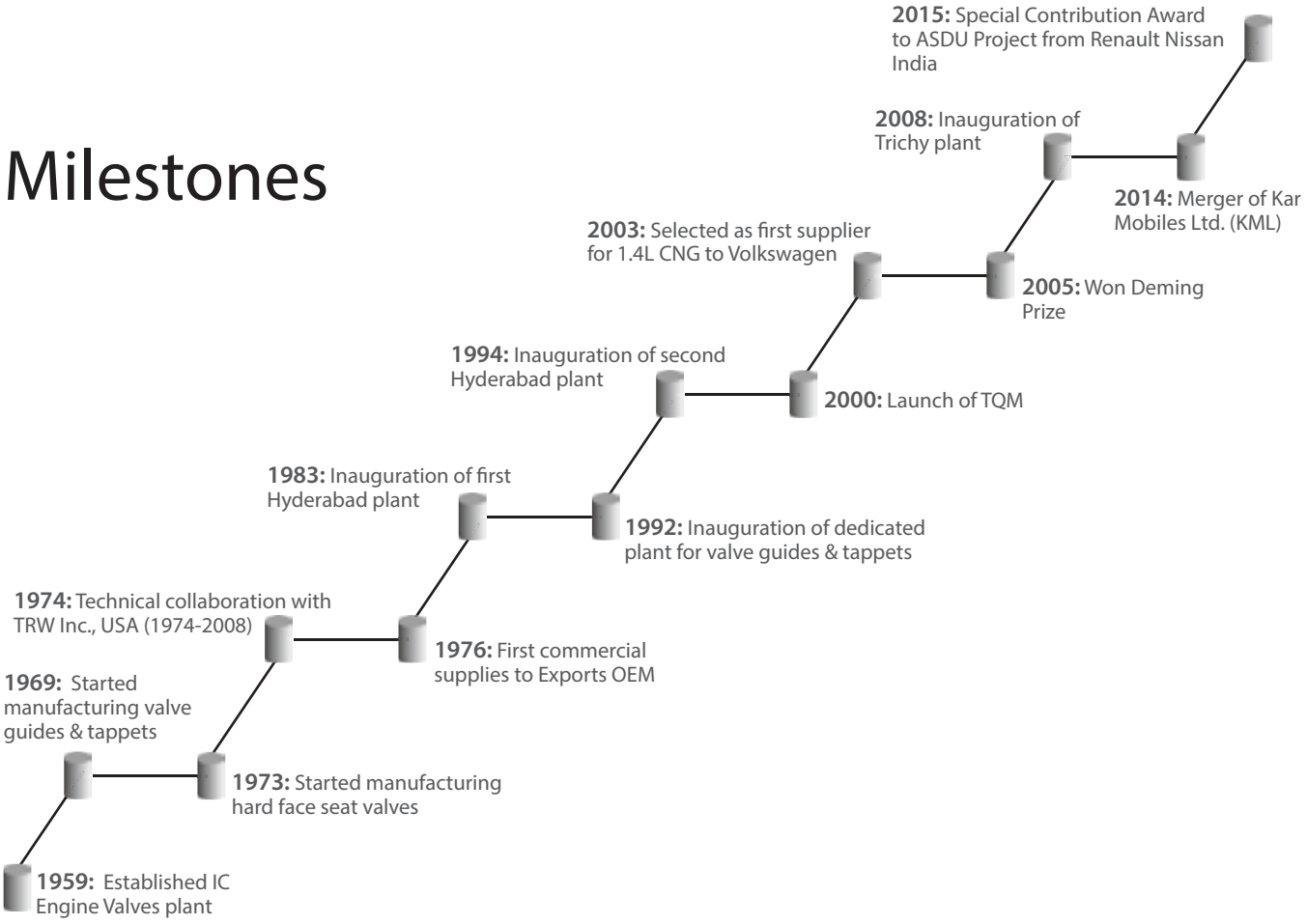
Revenue mix by geographical region segment (FY16)



Key Customers



Milestones



Financial Highlights

Operational Performance

(₹ in Cr)

Particulars	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Total Income	352.55	399.23	266.95	266.25	309.19	289.70	237.23	221.10	199.25
EBITDA	6.61	33.72	31.89	11.83	42.92	39.42	29.10	24.25	18.79
PBT	(17.66)	31.46	(43.56)	(18.92)	28.72	16.12	7.00	3.91	4.10
PAT	(12.54)	23.48	(29.09)	(12.61)	20.77	10.80	4.30	2.21	2.42

Balance Sheet Summary**

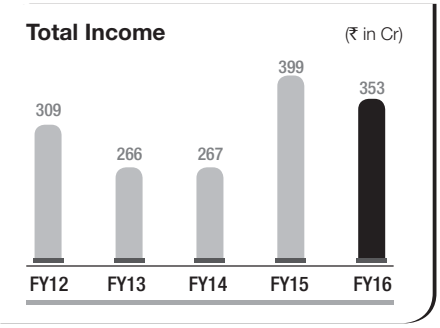
(₹ in Cr)

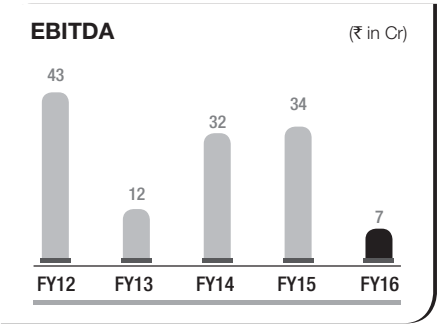
Particulars	FY16	FY15	FY14	FY13	FY12	FY11
Equity Share Capital	6.72	5.15	5.15	5.15	5.15	5.15
Shareholders' Funds	102.95	115.52	62.91	92.00	104.61	90.12
Non-Current Liabilities	68.66	68.88	80.51	66.45	56.27	55.89
Current Liabilities	137.74	158.45	106.35	92.63	101.66	88.00
Non-Current Assets	186.44	195.66	168.86	167.04	159.50	141.98
Current Assets	122.91	147.19	80.91	84.04	103.04	92.03

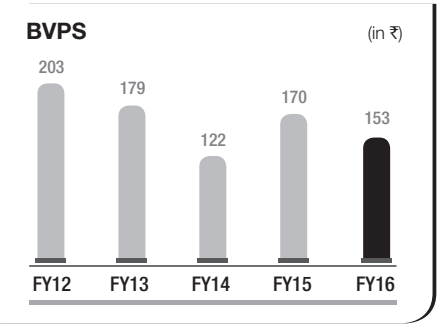
** Pertains to revised Schedule VI to Companies Act, 1956 / Schedule III to Companies Act, 2013 applicable years only

Ratios

Particulars	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
ROCE (%)	(8.16)	2.27	5.60	(4.41)	11.99	13.11	7.86	6.91	7.30
RONW (%)	(11.48)	26.32	(37.56)	(12.83)	21.33	12.54	5.31	2.78	3.06
Earning per Share (₹)	(18.67)	34.94	(56.48)	(24.47)	40.32	20.97	8.35	4.29	4.70
Dividend (%)	-	25	-	-	105	50	30	20	45
Book value per share (₹)	153.22	169.59	122.13	178.60	203.09	174.96	159.41	154.83	153.62









Board of Directors
L GANESH
Chairman and Managing Director
HARISH LAKSHMAN
Vice Chairman
L LAKSHMAN
BRINDA JAGIRDAR
ASHOK MALHOTRA
C N SRIVATSAN
R V RAGHAVAN
KRISHNA KUMAR SESHADRI

Audit Committee
C N SRIVATSAN - Chairman
ASHOK MALHOTRA
KRISHNA KUMAR SESHADRI
L LAKSHMAN

Stakeholders' Relationship Committee
ASHOK MALHOTRA - Chairman
L GANESH
C N SRIVATSAN

Nomination & Remuneration Committee
ASHOK MALHOTRA - Chairman
L LAKSHMAN
C N SRIVATSAN

CSR Committee
L LAKSHMAN - Chairman
L GANESH
S KRISHNA KUMAR

President
A RAJASEKARAN

Chief Financial Officer
B SURESH KUMAR

Secretary
P GUHANANTHAM

Statutory Auditors
BRAHMAYYA & CO.
Chartered Accountants,
48, Masilamani Road,
Balaji Nagar, Royapettah,
Chennai- 600 014.

Secretarial Auditors
S. KRISHNAMURTHY & CO.
Company Secretaries,
"Sreshtam", Old No. 17, New No.16,
Pattammal Street, Mandaveli, Chennai - 600028

Cost Auditors
JAYARAM & ASSOCIATES
Cost Accountants,
10,Rajan Street, T.Nagar,
Chennai - 600 017.

Listing of Shares with
BSE Limited, Mumbai
National Stock Exchange of India Limited, Mumbai

Our Bankers
Standard Chartered Bank, Chennai
HDFC Bank Ltd., Chennai
IDBI Bank Ltd. Chennai
Yes Bank Ltd. Chennai
Kotak Mahindra Bank Limited, Chennai
The Hongkong and Shanghai Banking Corporation Ltd., Chennai
State Bank of India, Bengaluru
The Karur Vysya Bank Limited, Bengaluru

Registered Office
"MAITHRI", 132, Cathedral Road,
Chennai - 600 086.
Phone : (044) 28112472
Fax : (044) 28112449
Email : investorservices@rane.co.in

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

Plants

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

Registrar and Transfer Agent
Integrated Enterprises (India) Limited
II Floor,"Kences Towers", No.1 Ramakrishna Street,
North Usman Road, T.Nagar, Chennai - 600 017.
Phone : (044) 28140801, Fax : (044) 28142479
Email : corpserv@integratedindia.in

Report of the Board of Directors

Your Directors take the pleasure in presenting the Forty Fourth Annual Report together with the financial statements for the year ended March 31, 2016.

1. State of Company's Affairs

1.1 Financial Performance

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

(₹ Crores)

Particulars	2015-16	2014-15
Sales and Operating Revenues	349.60	395.18
Other Income	2.95	4.05
Profit Before Tax (PBT)	(17.66)	31.46
Provision for tax :		
Current	-	2.14
MAT Credit entitlement	-	(2.14)
Deferred	(5.12)	7.98
Profit After Tax (PAT)	(12.54)	23.48
Surplus brought forward	2.02	(15.43)
Amount available for appropriation	(10.52)	9.01*

*includes ₹ 0.96 crores addition pursuant to merger of Kar Mobiles Limited with the company

Key performance indicators, operational performance and balance sheet summary are furnished in page no. 4 of this annual report.

The net sales and operating revenue of the Company is at ₹ 349.60 crores as against ₹ 395.18 crores in the previous year. The company incurred a net loss of ₹ 17.66 crores as against a net profit of ₹ 31.46 crores in the previous year.

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

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

1.2. Appropriation

Considering the losses incurred by the Company and the need to conserve resources, your directors have not recommended any dividend for the year ended March 31, 2016.

1.3. Management Discussion & Analysis

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

2. Board of Directors

2.1 Composition

The composition of the Board of Directors of the Company is furnished in the Corporate Governance Report annexed to this report.

The terms and conditions of appointment of independent directors have been disclosed on the website of the Company and available at http://rane.co.in/pdf/investors/revl/revltermsid.pdf

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

2.2 Retirement by rotation

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

2.3 Board Meetings

A calendar of meetings is prepared and circulated in advance to the directors. During the year five (5) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening period between two consecutive meetings was less than 120 days.

2.4 Meeting of Independent Directors

During the year, two separate meetings of Independent Directors were held. In the said meetings, the independent directors assessed the quality, quantity and timeliness of flow of information between the management and the Board at the meeting and expressed that the current flow of information and contents were adequate for the Board to effectively perform its duties. Also in the meeting of Independent directors, the performance of the non-independent directors, the board as a whole and the performance of the chairperson of the Company were reviewed taking into account the views of non-executive directors.

3. Board and Management

3.1 Board evaluation

During the year, a formal process for annual evaluation of performance of Board, its committees and directors individually was carried out as per the criteria laid down by the Nomination and Remuneration Committee, pursuant to the provisions of the Companies Act, 2013 (CA 2013) and clause 49 of the listing agreement as applicable at that time.

The criteria for evaluation of board and its committees were founded on the structure, composition, board-management relationship, effectiveness in terms of roles and responsibilities and processes encompassing the information flow and functioning. The guiding standards for the assessment of performance of directors (including the independent directors) were their attendance and participation at board meetings, sharing of their relevant domain expertise, networking in other forums, their strategic inputs and demonstration towards governance compliances.

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

The evaluation was carried out through a structured methodology approved by the Nomination and Remuneration Committee after ensuring that the aspects under each of the laid down criteria are comprehensive and commensurate with the size of the board and the Company.

3.2 Familiarisation program for independent directors

The familiarisation program for independent directors and details of familiarisation program for independent directors has been put up on the website and available at http://rane.co.in/raneenginevalve/revlinvestors.html

3.3 Key Managerial Personnel

Mr. L Ganesh, Chairman & Managing Director (MD) and Mr. B Suresh Kumar, General Manager – Finance & Chief Financial Officer (CFO), hold the office of Key Managerial Personnel, respectively, within the meaning of Section 2(51) of the Companies Act, 2013

Mr. V Subramani, Secretary, resigned from the services effective February 10, 2016. Based on the recommendations of the Nomination and Remuneration Committee and Board of directors at their respective meetings held on May 19, 2016 approved the appointment of Mr. P Guhanantham as Secretary.

3.4 Remuneration policy

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

4. Audit

4.1 Audit Committee

In terms of the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the listing agreement / SEBI LODR, the Audit Committee of the Board acts in accordance with terms of reference prescribed therein. Detailed disclosure on compositions, terms of reference and meetings of the Audit Committee are furnished in the Corporate Governance Report.

4.2 Statutory Auditors

M/s. Brahmayya & Co. were appointed as Statutory Auditors at the forty second Annual General Meeting (AGM) held on July 24, 2014, for a period of three years i.e., until the conclusion of the forty fifth AGM. Their appointment is however, subject to ratification by members at every AGM.

The Company has received a letter from Brahmayya consenting to the re-appointment and confirmation to the effect that their appointment, would be within the prescribed limits and that do not suffer from any disqualification under Section 141 of the Companies Act, 2013 and the rules made thereunder. Brahmayya have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India. The statutory auditors report to the members for the year ended March 31, 2016 does not contain any qualification, reservation, adverse remark or disclaimers. During the year under review, the Auditors have not reported any matter under section 143(12) of the Act and therefore no detail is required to be disclosed under section 134 (3) (ca) of the Companies Act 2013.

4.3 Cost Auditors

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of directors at their meeting held on May 22, 2015 have appointed M/s. Jayaram & Associates, Cost Accountants, as the cost auditors of the Company for the financial year 2015-16 as per the recommendations of the Audit Committee. In terms of Section 148(3) of the Companies Act, 2013 remuneration fixed by the board, based on the recommendation of the audit committee is required to be ratified by the members at the AGM. The notice convening the ensuing AGM includes the proposal for ratification of the remuneration payable to the cost auditors.

4.4 Secretarial Auditors

The Company had appointed M/s. S Krishnamurthy & Co., Company Secretaries in practice, to undertake

the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules, thereunder. The report on the Secretarial Audit carried out for the year 2015-16 is annexed herewith as **'Annexure C'.** The secretarial audit report does not contain any qualification, reservation, adverse remark or disclaimer.

4.5 Internal Auditors

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

5. Directors' responsibility statement

In terms of Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, the directors, confirm:

i that in the preparation of the financial statements for the financial year 2015-16, the applicable accounting standards had been followed and there were no material departures;

ii that 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;

iii that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;

iv that they had prepared the financial statements for the financial year on a 'going concern' basis ;

v that they had laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively; and

vi that they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

6. Related Party Transactions

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

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

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

7. Corporate Social Responsibility (CSR)

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

The CSR activities undertaken by the Company were in line with the CSR Policy and recommendations of the CSR Committee comprising of Mr. L Lakshman, Committee Chairman, Mr. L Ganesh, Chairman & Managing Director and Mr. S Krishna Kumar, an independent director, as members. The Annual Report on CSR activities carried out during the year 2015-16 is annexed as **'Annexure D'**. The CSR policy of the Company is available in the Company's website (http://www.rane.co.in/pdf/policies/revlcsr.pdf)

8. Fixed Deposits

The deposit outstanding as on March 31, 2016 amounted to Rs.1.47 crores. All deposits that matured during the year were repaid. The Company has not defaulted in repayment of any fixed deposits or any interest thereon.

The Company had discontinued accepting or renewing the fixed deposits with effect from April 1, 2014 and has not accepted deposits falling within the ambit of Chapter V, Section 73 of the Companies Act, 2013. Based on the application made by the Company in terms of Section 74 (2) Company Law Board (CLB) vide its order dated September 16, 2015 allowing the Company to repay the deposits on their respective maturity dates in accordance

with the terms of acceptance of such deposits or March 31, 2017, whichever is earlier.

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

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

10. 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 in the Annual Report is annexed here with as **'Annexure F'**.

11. Corporate Governance Report

Your Company has complied with the corporate governance requirements as stipulated under clause 49 of the listing agreement / Regulation 34 of SEBI LODR. Detailed report on the compliance and a certificate by the Statutory Auditors forms part of this report as **'Annexure G'.**

12. Other disclosures

a) Details of loan, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

b) The Internal control systems and adequacy are discussed in detail in the Management Discussion and Analysis annexed to the Directors Report.

c) During the year, the application for renewal for Consent For Operations (CFO) under the pollution control regulations in one of the manufacturing plants located in the State of Telangana has been returned by the regulatory authority citing that industries located in the specified area were not issued CFO in pursuance of G.O.Ms.No.111 dated 08.03.1996. The company has examined the matter and taken appropriate action to present its case that it is neither a polluting nor a potentially polluting industry, before the pollution control authorities. The board is conscious of the need for long term sustainability of the environment and ensures compliance with government policy, laws and regulations relating to environment. The board will continue in its endeavour to pursue this matter in accordance with this principle and in the interest of all the stakeholders.

The board is of the opinion that this does not impact the going concern status of the Company and its future operations.

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

d) The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **'Annexure H'.**

e) 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.

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

For and on behalf of the board

HARISH LAKSHMAN
Vice-Chairman

L GANESH
Chairman & Managing Director

Chennai
May 19, 2016

Annexure A to the Report of the Board of Directors

Management Discussion and Analysis

OVERVIEW

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

Industry Structure, Developments & Performance

The growth trend continued in the Passenger car and MUV segment and was even higher than last year. The launch of many new vehicle models has contributed to this growth. The M&HCV segment grew by 27%. This will be fuelled further by the recent budget announcement of large investment in Infrastructure growth in the country with ₹ 97,000 Cr allotted to road development for the FY 2016-17.

Erratic monsoon and droughts continued to hamper the sentiments of the Agriculture and Farming sector affecting the Farm Tractor business.

Industry Growth

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

Industry Segment (Production figures)	Growth in % (YoY change)	
Vehicles	**2015-16**	**2014-15**
Passenger Cars (PC)	4%	4%
Utility Vehicles (MUV)	14%	10%
Vans (MPV)	6%	-12%
Small Commercial Vehicles (SCV)	-10%	-20%
Light Commercial Vehicles (LCV)	10%	-4%
Medium & Heavy Commercial Vehicles (M&HCV)	27%	21%
3 - Wheelers	-2%	14%
2 - Wheelers	2%	10%
Farm Tractors (FT)	-7%	-13%

Source: Society of Indian Automobile Manufacturers

Market & Product Summary

The break-up of sales and growth by market segment for the company is given below:

Market	2015-16	2014-15	Growth in %
OEM	194.49	203.18	-4%
Aftermarket	45.38	52.86	-14%
Railways	3.35	10.36	-68%
Defence	3.87	3.63	7%
Exports	95.35	117.54	-19%
Total	**342.44**	**387.57**	**-12%**

Domestic OEM sales declined by 4 % mainly due to:-

- Lower off take in served models in Passenger Car / Tractor segments
- An overall modest growth in Two Wheelers and weak presence of your company in Scooter segment which did well compared to motorcycles.

Export sales declined by 19% due to:-

- Lower off take from a major European customer and end of major customer program in FY 2015-16.
- Export Aftermarket de-growth due to lower off take from a major Middle Eastern customer.
- Impact on the Large Valve business on account of slowdown of Oil and Gas industry resulting in lower off take from locomotive valve customers.

Other Market Segments:

- New entrants in Railway business affected sales.
- Lower market demand affected the aftermarket revenues.
- Efforts are being made to improve competitiveness in Railways / Defence / Aftermarket segments.

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

₹ In Crores

Market	2015-16	2014-15	Growth in %
Automotive Engines	231.97	278.22	-17%
Other Engines	110.47	109.35	1%
Total	342.44	387.57	-12%

OPERATIONAL AND FINANCIAL PERFORMANCE

Financial Review

The net sales of the Company is ₹ 342.44 crores in 2015-16, with a decline by 12% when compared to the previous year.

The company made an operating loss (before exceptional items) of ₹ 35.15 crores compared to an operating loss (before exceptional items) of ₹ 13.12 crores last year.However, including the exceptional items, the net loss before tax was ₹ 17.66 crores as against net profit before tax of ₹ 31.46 crores in the previous year.

The exceptional items for the year 2015-16 includes (i) Expense of ₹ 10.05 crores towards separation benefits for its employees opting for a voluntary retirement scheme and (ii) Income of ₹ 27.54 crores from sale of land.

The company as part of the rationalization of facilities consolidated the Peenya Plant (Bengaluru) with Hirehalli Plant (Tumakuru) to become more cost efficient.

Operations and Manufacturing Review

Your company has invested in R&D in terms of enhancing design and validation capability and process technology.This will continue in the coming years as well, in-line with its vision to be a 'solution provider' to its customers' needs.

The newer emission norms & power increase in engines demand newer solutions. The company has already initiated dialogue with customers to develop high performance materials and special surface coating to provide pro-active solutions. The Company during the year developed valves for Euro 6 application and CNG application requirements for European and Indian customers.

Various cost reduction initiatives undertaken during last year continued this year also with focus on long term improvements in productivity and raw material / in-house quality costs.

Your Company continues its good performance on external quality with customer line rejection level less than 10 parts per million. The following quality and environment management system accreditations were received by the Company:

All Plants have undergone surveillance audit for ISO/TS 16949: 2009.

All the Plants have undergone surveillance audit for ISO 14001:2004.

OUTLOOK

With the predictions of Stability and Economic growth in India and revival of European demand, Automotive Industry is poised to grow at a healthy rate.

The Company's strength in catering to all segments of Industry provides a conducive platform to consolidate and grow its revenues in FY 2016-17 across market segments.

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

The Company continues to engage in development of products for exports to improve business share and acquire new customers across product segments.

OPPORTUNITIES & THREATS

The Union budget 2016 has allocated more than ₹ 2.2 lakh crore in development of infrastructure like ports, rail, airports and roads, which could stimulate further growth in the automotive sector. Many OEM's utilizing India as the export hub for their vehicles. REVL will look to grow in these opportunities leveraging its strong customer base and overseas market experience.

While the strengths / competitive advantages of the Company are essentially in market leadership and brand equity, the Company is focusing on enhancing its technology base, product range and process technologies to leverage with key customers and thus become a strategic partner. Towards this, a technology road map has been prepared and the Company is constantly upgrading and expanding its R&D infrastructure.

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

- EVL / Rane brand name
- Ability to co-create technology solutions.
- Experience in global customer account management.
- Potential to leverage group presence across customers
- Balanced business portfolio and strong customer connect.

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

- Increased competitive pressure on pricing
- New players seeking Indian market
- Declining engine repair trend in aftermarket.
- Obsolescence of CI guides, Chilled cast iron tappets (PC)

INTERNAL CONTROL SYSTEMS

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

The internal audit function is outsourced to a professional firm of independent assurance service providers. The Audit Committee and the Board in consultation with the internal auditor, statutory auditor and operating management approve annual internal audit plan. The scope also covers the internal financial controls and internal controls over financial reporting. The internal audit findings are placed before the

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

RISK MANAGEMENT

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

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company continued to focus on aligning the people development processes to the strategic initiatives of the group and creating institutional mechanisms to fulfil the employer brand promise.

People Processes and Policies

Major policy initiatives during the year include introduction of performance pay for senior management to strengthen the high performance culture, created internal job posting portal to facilitate employees' access to opportunities across the group, and guidelines on social media presence for employees.

Leadership Development

In continuation with our efforts towards building leadership pipeline, Leadership Boot Camp and Executive Leadership Development programs were launched and the implementation of High Potential Leadership Development program was further strengthened, which was rolled-out in the previous year.

Leadership Boot Camp – Graduate Engineer Trainee (GET) Connect

It is a key block of our leadership framework that extensively focuses on strengthening the entry level talent for swift assimilation and performance. The objectives of the GET Connect program are to provide GETs with a holistic view of Rane, build necessary skills to be effective on the job and establish valuable connections with peers, recent graduates and experienced professionals across the group. During the year, 7 trainees were part of this program.

Executive Leadership Development (ELD)

ELD focuses on furthering leadership development for functional / operational leadership. ELD is designed to enhance readiness of leaders for larger roles & responsibilities, handling multiple functions, job rotations to other businesses. During the year, four Executives participated in this program. The outcome envisaged is a significant group wide enhancement of leadership capacity and capability that translates into winning teams and performances.

Two long term wage settlement agreements were signed with employee union in two of the plants. The industrial relations were generally cordial in all the plants.

RECOGNITION & AWARDS

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

a) Diamond and Gold awards for Kaizen in ABK-AOTS DOSOKAI

b) Third Place in 10th QCC competition conducted by the southern region of the Auto Component Manufacturers Association (ACMA)

c) Five awards for our QCC teams from QCFI

d) Appreciation Award from Hyundai Motor India Limited

e) Special Contribution Award to ASDU Project from Renault Nissan India

f) Award for Outstanding Contribution towards Honda Two Wheeler Business & its Glorious Journey from Honda Motorcycle and Scooter India Pvt. Ltd. (HMSI)

Cautionary Statement

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

Annexure B to the Report of Board of Directors

Policy on Appointment and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)

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

Criteria for Appointment

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

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

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

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

Criteria for Remuneration

The Company recognizes that compensation is a strategic lever in the achievement of vision and goals. The compensation philosophy is designed to attract, motivate, and retain talented employees who drive the company's success and it aims at aligning compensation to goals of the company, performance of the individual, internal equity, market trends and industry practices, legal requirements and appropriate governance standards.

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

Non- Executive Directors

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

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

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

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

The remuneration structure of the executive directors, CEO or Manager, KMPs and SMPs are broadly divided into fixed and variable component, which ensures that relationship of remuneration and performance benchmarks is clear, there exists a balance between fixed and incentive pay and the same reflects short and long-term performance objectives appropriate to the working of the company and its goals. The fixed compensation shall comprise of salary, allowances, perquisites, amenities and other components. The variable component of the remuneration is based on the performance of the individual in achieving superior operational results and to align employees with the organizational vision and growth strategies with a view to motivate them to achieve best results.

Annexure C to the Report of the Board of Directors

Secretarial Audit Report for the year ended March 31, 2016

Form No. MR-3

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

To
The Members of

Rane Engine Valve Limited
[CIN: L74999TN1972PLC006127],
"Maithri" 132, Cathedral Road,
Chennai - 600086

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RANE ENGINE VALVE LIMITED** *(hereinafter called "the Company")* **during the financial year from April 1, 2015 to March 31, 2016** (*"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 our verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after March 31, 2016 but before the issue of this report and the information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

1. We hereby report that:

1.1. In our opinion, during the audit period covering the **financial year ended on March 31, 2016,** the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as **Annexure – A.**

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder.

(ii) Companies Act, 1956 and the rules made thereunder.

(iii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

(iv) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto May 14, 2015);

(c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (applicable from May 15, 2015);

(d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and

(f) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable from December 1, 2015);

(vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.

(vii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Director investment and External Commercial Borrowings (FEMA).

(viii) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India (applicable from July 1, 2015).

1.3. During the period under review, and also considering the compliance related action taken by the Company after March 31, 2016 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information and explanations furnished to us:

(i) Complied with the applicable provisions/ clauses of the Acts, Rules, Regulations, and Agreements mentioned under paragraph 1.2 (i) to (vi) above; and

(ii) Generally complied with FEMA and the applicable Secretarial Standards mentioned under paragraph 1.2 (vii) and (viii) above.

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

(i) The Company was not required to comply with the following laws/ guidelines/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

(a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment;

(b) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(c) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(e) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

(ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws under paragraph 1.2 above did not arise.

2. We further report that:

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. The change in composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and

(ii) Additional subjects / information and supplementary notes.

Upto June 30, 2015 there was no statutory requirement to send the agenda and notes at least seven days before the meeting. In respect of meetings held after July 1 2015, consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.

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. Majority decision is carried through. We are informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.

3 We further report that:

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

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

(i) The merger of Kar Mobiles Limited (KML), (CIN: L85110TN1936PLC071646) with the Company became operational on April 1, 2015 with the filing of the Court order in Form INC-28. On May 4, 2015, 15,68,000 equity shares of ₹ 10/- each were allotted to the shareholders of KML as fully paid-up (in the ratio of 7 equity shares of ₹ 10/- each for every 10 equity shares held by them in KML), as consideration for the merger.

(ii) The members passed the following special resolutions:

(a) Under section 180(1)(a) of the Act, according consent to the Board of Directors (including any committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to takeover substantial assets of the Company in certain events in favour of banks / financial institutions and other lending agencies including the trustees for the holders of debentures / bonds / other instruments to secure the borrowings of the Company.

(b) Under section 14 of the Act approving the replacement of the existing set of regulations in the Articles of Association with an entirely new set of regulations.

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

K. Sriram,
Partner.
Membership No: F6312
Certificate of Practice No: 2215

Date: May 19, 2016
Place: Chennai

Annexure – A to Secretarial Audit Report of even date

To,

The Members
Rane Engine Valve Limited,
[CIN: L74999TN1972PLC006127]
"Maithri" 132, Cathedral Road,
Chennai - 600086

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended March 31, 2016, is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after March 31, 2016, but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

K. Sriram,
Partner.
Membership No: F6312
Certificate of Practice No: 2215

Date: May 19, 2016
Place: Chennai

Annexure D to the Report of the Board of Directors

Annual Report on CSR activities

(For financial year 2015-16)

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

REVL's CSR vision is 'to be a socially and environmentally responsible corporate citizen'.

Overview of projects implemented during 2015-16:

Health Care : Organising blood donation camp and polio vaccination

Environment : Tree plantation in Tumakuru Industrial

The policy on CSR recommended by the CSR Committee was approved and adopted by the Board of Directors is available on the website of the Company (web link: http://rane.co.in/pdf/policies/revlcsr.pdf)

2. The Composition of the CSR Committee.

REVL has a robust governance structure to oversee the implementation of the CSR projects, in compliance with the requirements of Section 135 of the Companies Act, 2013. The CSR governance structure of REVL will be headed by the Board CSR Committee. The Board CSR Committee grants auxiliary power to the Working Committee of the company to act on their behalf.

The members of the CSR committee are:

Board CSR committee	Company CSR committee
Mr. L Lakshman Committee Chairman, Non-Executive & Promoter	A.Rajasekaran Business Head
Mr. Ganesh Chairman, Managing Director & Promoter	B. Suresh Kumar, CFO
Mr. S Krishna Kumar Non-Executive & Independent Director	R. Parthasarthy, CHR

3. Average net profit of the company for last three financial years

(₹ In Crores)

Particulars / (Loss)	2012-13	2013-14	2014-15
Net profit for the year (as per Section 198)	(19.36)	(3.34)	(13.12)
Average Net Profit / (Loss)		(11.94)	

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

5. Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year : Not applicable

b) Total amount spent for the financial year :₹ 1.5 lakhs

c) Amount unspent, if any ; Not applicable

d) Manner in which the amount spent during the financial year is detailed below :

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs – (1) Local area or other (2) Specify the state and district where projects or progams was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or program. (Sub-heads -1- Direct on projects or program 2- Overheads)	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
(1)	Tree Plantation	Environment	Tumakuru Industrial Area	16,000	16,000	16,000	Direct
(2)	Blood Donation Camp	Health Care	Tumakuru	6,000	6,000	6,000	Rotary Belli Blood Bank
(3)	Polio Vaccination Camp	Health care	Ponneri	8,000	8,000	8,000	Govt. Primary Health care Center
(4)	Capacity building				1,20,000	1,20,000	
Total					1,50,000	1,50,000	

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

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

The implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies. The Board of the company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. We have undertaken and implemented these projects with careful consideration and these projects are aligned with our vision as provided in our CSR Policy. In line with the requirements of the Companies Act, 2013, we have also instituted monitoring mechanisms to ensure that the projects go on smoothly as planned.

L Ganesh
Chairman & Managing Director

L Lakshman
Chairman of CSR Committee

Chennai
May 19, 2016

Annexure E 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

- 27 energy saving projects have been implemented.
- 5,06,974 units have been saved through these energy saving projects.
- ₹ 34,44,504 have been saved.

Utilising alternate sources of energy

- 39,99,347 units have been utilized from windmill.

Capital investment in energy conservation equipment

- Capital investment of ₹ 10,99,426 has been invested for the above projects with the payback period of about 1 year.
- Company has made the investment in equity shares of 24000 nos valued for ₹ 2,40,000 with M/s Clean Wind Power (Manvi) Pvt Ltd for availing Wind Energy for Hirehalli Plant-Tumakuru.

B. RESEARCH AND DEVELOPMENT (R & D)

Efforts towards technology absorption

- In-house R&D infrastructure for materials engineering, engine testing and Rig test.
- Innovate new materials / process for valve technology to meet the new generation engine demands.
- Focus on light weighting, friction & wear reduction.

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

- High performance low cost material alternate for valves.
- Improved surface coating solution to reduce wear.
- Light weight valves developed for improved power & fuel efficiency.

Details of Imported Technology

Technology imported during the last 3 years reckoned from the beginning of the financial year	Year of import	Has the technology been fully absorbed	Where technology not fully absorbed reason and future plan of action
Nil			

Research and Development expenditure incurred

(₹ in crores)

	Particulars	2015-16	2014-15
A	Capital expenditure	0.63	1.35
B	Recurring expenditure	1.53	1.20
C	Total	2.16	2.55
D	Total R & D expenses as a percentage of total turnover	0.62%	0.65%

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

- New materials and coating process.
- New advanced valve technology to manage high engine temperature conditions.

Benefits derived as a result of R & D

- Business award from customers such as BMW & Renault.
- Enhanced acceptance of customers as a solution provider.
- Business Opportunity creation through customer aligned technology roadmap.

Future plan of action

- Provide valve solution with improved product performance in line with changing engine trends and regulatory requirements.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crores)

Foreign Exchange	2015-16	2014-15
Earnings	98.18	113.95
Outgo	30.29	39.87

For and on behalf of the board

L Ganesh
Chairman & Managing Director

Chennai
May 19, 2016

Harish Lakshman
Vice Chairman

Annexure F to the Report of the Board of Directors

Particulars of Directors, Key Managerial Personnel and Employees

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

1. Remuneration paid to Directors and Key Managerial Personnel

Name	Designation	Remuneration FY 2015-16 (In ₹)	% increase/ (decrease) of remuneration FY 2015-16	% increase/ (decrease) in PBT for FY 2015-16	Ratio of remuneration to median remuneration of employees
Key Managerial Personnel					
Mr. L Ganesh	Managing Director	Note (i)	-	(13%)	-
Mr. B Suresh Kumar	Chief Financial Officer	26,32,714	18%	(13%)	Not applicable
Mr. V Subramani	Secretary	10,26,935	Note (iv)	(13%)	Not applicable

Note:

(i) No remuneration was paid to Mr. L Ganesh in view of inadequacy of profits.

(ii) None of the other directors receive any remuneration from the Company except sitting fees for attending meeting of the Board/ Committee(s) thereof.

(iii) Remuneration considered is based on annual emoluments (paid basis) and designation as on date.

(iv) Mr. V Subramani, Secretary resigned with effect from February 10, 2016.

2. Median remuneration of the employees of the Company for FY 2015-16 is ₹ 4,13,107/-. Increase in median remuneration during the year is 14%.

3. Number of permanent employees on the rolls of the Company as on March 31, 2016 was 1,089 as against 1,276 as on March 31, 2015.

4. Relationship between average increase/decrease in remuneration and company performance:

   During FY 2015-16, the sales and profit before tax (PBT) declined by 12% and 13% respectively. The average remuneration increased by 11% in line with industry standards.

5. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

   The total remuneration of Key Managerial Personnel increased by 18% in 2015-16 in line with industry standards. The Company has incurred losses during the year.

6. Average percentile increase already made in salary of employees other than the managerial personnel in last financial year as against percentile increase in managerial remuneration:

   Not applicable, since no managerial remuneration was paid during the year 2015-16.

7. Ratio of remuneration of the highest paid director to that of employees who are not directors but receive remuneration in excess of highest paid director during the year:

   Not Applicable in view of note (i) & (ii) above.

8. Key parameters for any variable component of remuneration availed by the directors:

   There are no key variable components in the remuneration payable to the directors.

9. (i) Variation in market capitalisation and price earnings ratio:

Particulars	March 31, 2016	March 31, 2015	% change
Market capitalisation of the Company (based on closing prices quoted on BSE) **(₹ In crores)**	231.79	283.30	(18.18)
Price earnings ratio	(24.10)	15.74	-

(ii) Percent increase over/decrease in the market quotations of shares of the company as compared to the rate at which company came out with last public offer:

Not applicable, since the Company has not made any public offer and the equity share capital of the company represents shares allotted pursuant to a Scheme of Demerger, Merger and Amalgamation under Section 391-394 of the Companies Act, 1956 as sanctioned by the Hon'ble High Court of Judicature at Madras vide its order dated December 26, 2007.

10. It is hereby affirmed that the remuneration paid is in accordance with the remuneration policy.

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

i. Employed throughout the financial year with remuneration not less than Rs. 60 lakhs per annum – NIL

ii. Employed for part the financial year with remuneration not less than Rs. 5 lakhs per month:

Name	Designation	Remuneration (In ₹)	Qualifications	Age	Experience (in years)	Date of Joining	Nature of employment (Permanent / contractual)	Previous employment & designation	No. of shares held in Company	Relationship with any director / manager
S. Mohan	President (upto October 31, 2015)	54,47,957	B.E (Mech.), M.B.A	51	29	01.06.2012	Permanent	(President) RANE TRW Steering Systems Ltd.	Nil	NA
S.Krishnamurthy	President (upto December 31, 2015)	61,43,968	B.Tech (MechEngg.), Post Graduate in Diploma in Materials Management	60	36	01.01.2004	Permanent	(Divisional General Manager) Royal Enfield Motors Ltd	Nil	NA
A.Rajasekaran	President (with effect from November, 2015)	26,37,263	B.E (Mech.), M.B.A	46	26	01.11.2015	Permanent	(President) RANE NSK Steering Systems Private Ltd.	Nil	NA

Annexure G to the Report of the Board of Directors

Corporate Governance

1. Philosophy on Code of Governance

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

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

2. Board of Directors

As of March 31, 2016, the Company has eight directors with an executive chairman and majority being independent directors. The composition of the Board is in conformity with the Uniform Listing Agreement entered into with stock exchanges. The directorships held by the Directors are within the limits prescribed under Section 165 of the Companies Act, 2013. In compliance with Regulation 25 of SEBI LODR, none of the Independent Directors serve as Independent Directors in more than seven (7) listed companies and where any Independent Director is serving as whole-time director in listed company such director is not serving as Independent Director in more than three (3) listed companies. None of the director on the Board, is a member of more than 10 committees or chairperson of more than 5 committees across all listed companies in which he/she is a director in terms of Regulation 26 of SEBI LODR.

The Board met five (5) times during the financial year on May 22, 2015, July 21, 2015, October 26, 2015, January 27, 2016 and March 24, 2016. The names and categories of the directors on the Board, their attendance at Board meetings and Annual General Meeting held during the year and the number of directorships in other public companies and committee chairmanships / memberships in listed companies held by them are given below:

Name of the Director (DIN)	Category	No. of board meetings attended	Whether attended last AGM	Number of Directorship in other Public limited companies #		Number of Committee Membership in listed entities@	
				Chairman	Member	Chairman	Member
Mr. L Ganesh (00012583)	Chairman, Managing Director & Promoter	5	Yes	3	8	1	7
Mr. Harish Lakshman (00012602)	Vice-Chairman, Non-Executive & Promoter	5	Yes	-	7	2	3
Mr. L Lakshman (00012554)	Non-Executive & Promoter	5	Yes	1	6	1	5
Mr. Ashok Malhotra (00029017)	Non-Executive & Independent	5	Yes	-	-	1	2
Mr. C N Srivatsan (00002194)	Non-Executive & Independent	5	Yes	-	2	1	3
Mr. R V Raghavan (01754139)	Non-Executive & Independent	4	Yes	-	1	-	1
Mr. S Krishna Kumar (00062582)	Non-Executive & Independent	5	Yes	-	-	-	1
Dr. (Ms.) Brinda Jagirdar* (06979864)	Non-Executive & Independent	5	Yes	-	2	1	1

Excludes Companies exempted under Section 165 of the Companies Act, 2013 and foreign companies.

@ Membership in Audit Committee and Stakeholders' Relationship Committee of all listed companies only is considered as per SEBI LODR

* Dr. (Ms.) Brinda Jagirdar was appointed as an independent director as independent director with effect from October 24, 2014 by shareholders at the forty third Annual General Meeting (AGM) held on July 21, 2015. Her appointment also fulfils criteria of appointment of woman director under Regulation 17 of SEBI LODR.

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

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

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

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

The details of familiarisation programme to the independent directors are disclosed in the website of the Company http://rane.co.in/raeenginevalve/revlinvestors.html

3. Audit Committee

Composition & Attendance of Meetings

The composition of the Audit Committee of the Board is in conformity with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR. The Committee met four (4) times during the year May 22, 2015, July 21, 2015, October 26, 2015 and January 27, 2016. 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 Lakshman	Member, Non-Executive & Promoter	4
Mr. Ashok Malhotra	Member, Non- Executive & Independent	4
Mr. S Krishna Kumar	Member, Non- Executive & Independent	4

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

The Company Secretary acts as the Secretary to the Committee.

The Statutory Auditors and the Internal Auditors were present as invitees in all the meetings. The President and the General Manager (Finance) & CFO of the Company attended the meeting by invitation. Based on the requirement, other directors attended the meetings by invitation. All the recommendations of the Audit Committee during the year, were considered, accepted and approved by the Board.

Overall purpose and terms of reference

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

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

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

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

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

- Recommends appointment of Auditors and their remuneration and approves the appointment of CFO.

- Discusses the scope of audit and post-audit area of concern and qualifications, if any, with Statutory Auditors / Internal Auditors.

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

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

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

4. Nomination and Remuneration Committee (NRC)

Composition & Attendance of Meetings

The Nomination and Remuneration Committee (NRC) of the Board in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR. The Committee met four (4) times during the year May 22, 2015, July 21, 2015, October 26, 2015 and January 27, 2016. 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	4
Mr. L Lakshman	Member, Non-Executive & Promoter	4
Mr. C N Srivatsan	Member, Non-Executive & Independent	4

Terms of Reference:

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

The NRC members perused the candidatures for the posts of President and Secretary for the Company and after satisfying themselves of their qualifications, experience and expertise, recommended their appointment to the Board of directors. NRC laid down the criteria for evaluation of performance of the board, its committees and directors. The criteria for evaluation of performance of independent directors include their attendance and participation at board meetings, sharing of their relevant domain expertise, networking in other forums, their strategic inputs and demonstration towards governance compliances.

In order to align employees with the organizational vision and growth strategies and motivate them to achieve business results, the NRC considered a policy on performance pay laying down the applicability, standards, parameters, methodology and governing rules and approved the policy on leadership development and succession management that focuses on leadership development architecture, leadership assessment across various levels, development plans / programs, human resource systems and processes.

Remuneration Policy

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

Details of Remuneration paid to Directors

The details of remuneration including sitting fees paid to the directors and their shareholding for the year ended March 31, 2016 are as follows:

Name of the Director	Sitting Fees (Rs.)	Shares held as on March 31, 2016@
Mr. L Ganesh	-	135
Mr. Harish Lakshman	1,05,000	100
Mr. L Lakshman	1,87,500	100
Mr. Ashok Malhotra	1,85,000	Nil
Mr. C N Srivatsan	1,85,000	Nil
Mr. R V Raghavan	80,000	Nil
Mr. S Krishna Kumar	1,80,000	Nil
Dr. (Ms.) Brinda Jagirdar	1,00,000	Nil

@ Includes joint holdings.

Note:

- No other remuneration was paid to non-executive directors except sitting fees.
- Mr. L Ganesh, Chairman and Managing Director is eligible for remuneration by way of commission up to a maximum of 5% of net profits as per the terms approved by the shareholders at the 42nd Annual General Meeting of the Company held on July 24, 2014. However, no commission was paid to him for the financial year 2015-16 owing to inadequacy of profits. The employment of the Managing Director is contractual. There is no severance fee payable.
- No shares were pledged by the directors. None of the other directors holds any share in the Company. There is no stock option scheme prevailing in the Company.

5. Stakeholders' Relationship Committee

Composition & Attendance of Meetings

The Stakeholders' Relationship Committee looks into grievances of shareholders and redress them expeditiously in accordance with Section 178 of the Companies Act, 2013 and as per the requirements under Regulation 20 of SEBI LODR. The Company Secretary is the compliance officer of the company. The Committee met two (2) times during the year on May 22, 2015 and January 27, 2016. 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

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

	Nature of Complaint	Received during the year	Resolved	Pending at the end of the year
Regulatory Authorities (MCA / SEBI / Stock Exchanges)	-	-	-	-
Through Registrar & Transfer Agent	-	-	-	-
Directly to Company	Non-receipt of dividend	4	4	-

No complaint was received under the SEBI Complaints Redress System (SCORES). There are no investor complaints pending unresolved at the end of the financial year 2015-16.

6. Corporate Social Responsibility (CSR) Committee

The CSR activities of the Company focus on four specific areas of (a) Education (b) Healthcare (c) Community Development and (d) Environment.

The CSR activities undertaken by the Company are in line with the CSR Policy and recommendations of the CSR Committee comprising of:

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

The CSR Committee meeting at its held on May 22, 2015 was attended by all the Committee members. The Company Secretary acts as the Secretary to the Committee. The Committee approves the annual CSR report, recommends the annual CSR expenditure budget and CSR activities undertaken for the financial year to the Board.

The terms of reference of the Committee are as follows:

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

The report on CSR projects undertaken during the year 2015-16 as approved by the CSR committee in consultation with the Board is annexed to Director's Report.

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 Management Personnel designated from time to time. The Committee meets on a case to case basis to approve share transfers and transmissions. The Committee reports the details of transfer of securities to the Board at each meeting of the Board. The Share transfer committee was re-constituted on May 19, 2016. No sitting fees is payable to the committee members.

Finance Committee

The Finance Committee has been constituted to exercise the borrowing powers delegated by the Board, to approve the financial facilities in connection with the capital expenditures and working capital expenditures of the Company, as per the Annual Operating Plans approved by the Board. During the year the committee met three (3) times on November 02, 2015, December 31, 2015, and February 15, 2016.

Name of the Director	Category	No. of meetings Attended
Mr. L Ganesh	Member	2
Mr. L Lakshman	Member	3
Mr. Harish Lakshman	Member	2

Executive Committee

The Executive Committee has been constituted to carry out activities in connection with change in operation of bank accounts and authorization of officials under various legislations and other administrative matters between two consecutive meetings of the Board. During the year the committee met four (4) times on April 01, 2015, July 01, 2015, November 02, 2015, and February 15, 2016. No sitting fees is payable to the committee members

Name of the Director	Category	No. of meetings Attended
Mr. L Ganesh	Member	3
Mr. L Lakshman	Member	4
Mr. Harish Lakshman	Member	3

8. Code of Conduct

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

Prevention of Insider Trading

The board of directors have formulated "Rane Code to regulate, monitor and report trading by insiders and practices and procedures for fair disclosure of unpublished price sensitive information" in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 to prevent misuse of any unpublished price sensitive information and prohibit insider trading activity. The code of fair disclosure practices and procedures for unpublished price sensitive information is available at http://www.rane.co.in/pdf/policies/revlcfd.pdf.

9. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special resolutions passed	Time	Venue
July 24, 2015 (43nd AGM)	Mortgage/ Create charge on the assets of the Company u/s 180(1)(a) and other applicable provisions of the Companies Act, 2013 and rules made thereunder in connection with borrowings.	10.30 am	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.
July 24, 2014 (42nd AGM)	Approval of borrowing powers of the Board u/s 180(1)(c) of the Companies Act, 2013.	10.15 am	
July 22, 2013 (41st AGM)	No Special resolution was passed	10.15 am	

Procedure for the postal ballot, in brief:

1. The Board of Directors at their meeting held on October 26, 2015 appointed Mr. Balu Sridhar, Practising Company Secretary and partner in M/s. A. K. Jain and Associates as Scrutinizer for conducting the Postal Ballot / e-voting process in a fair and transparent manner.
2. Postal Ballot notices were dispatched to all the members on November 17, 2015 for conducting the voting in respect of resolutions as set out notice dated October 26, 2015. The cut- off date for determining voting rights was Friday, November 6, 2015.
3. The Company had also provided the option of e-voting through the NSDL platform, thereby giving the members the option to cast their votes electronically.
4. The e-voting was kept open from November 18, 2015 (09.00 a.m IST) to December 17, 2015 (06.00 p.m. IST).

5. Particulars of all the postal ballots received from the members have been entered in a register separately maintained for the purpose. The postal ballots were kept under in the safe custody of the Scrutinizer.

6. All postal ballot forms received up to the close of working hours on December 17, 2015 (06.00 p.m. IST) the last date and time fixed by the Company for receipt of the forms, were considered by the Scrutinizer.

7. Mr. Harish Lakshman, Vice - Chairman announced the combined results of the postal ballot and e-voting on December 22, 2015

Sl No	Particulars	E-voting		Postal ballot forms		Total	
		Nos	No. of shares	Nos	No. of shares	Nos	No. of shares
1	Total votes cast	37	34,87,236	97	14,079	134	35,01,315
2	Less: Invalid votes	-	-	-	-	-	-
3	Net valid votes	37	34,87,236	97	14,079	134	35,01,315
4	Total votes favouring the resolution	37	34,87,236	97	14,079	134	35,01,315
5	Total votes against the resolution	-	-	-	-	-	-

% of votes in favour of the resolution : 100 %

% of votes against the resolution : Nil

No other special resolutions were passed by postal ballot during the financial year 2015– 16.

10. Disclosures

1. During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives or subsidiaries etc., which were in conflict with the interests of the Company. The transactions entered with related parties during the year were covered under the omnibus approval of the Audit Committee and were in the ordinary course and arms' length. The details of the related party transactions as per AS 18 are stated in note 31 of the financial statements. The policy on Related party Transaction is available on the website of the Company viz. URL: http://rane.co.in/pdf/policies/revlrpt.pdf

2. There was no instance of non-compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority on such matters during the last three years.

3. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.

4. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.

5. The Company has complied with all the mandatory requirements prescribed under Chapter IV of the SEBI LODR.

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

   i. adoption best practices to ensure a regime of unqualified financial statements.

   ii. individual communication of half-yearly results to shareholders

   iii. Internal Auditor directly reports to the Audit Committee

6. In order to comply with all laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal standards, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate education to dealing personnel, execution, escalation and regular reviews to strengthen compliance management. The STACK is electronically integrated through an online platform (e-STACK) to improve the compliance management system and its efficiency. The master lists of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.

7. The Company does not have any material listed / unlisted subsidiary companies as defined in Regulation 24 of the SEBI LODR.

8. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Sec 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR).

9. The CEO and CFO of the Company have certified to the Board on the integrity of the financial statements, effectiveness of internal controls and significant changes in internal control /accounting policies during the year as required under Regulation 17(8) of the SEBI LODR and Companies Act, 2013.

10. The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of SEBI LODR.

11. Whistle blower mechanism

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

The policy and the mechanism for reporting has been appropriately communicated across all locations of the Company. The Whistle Blower policy has also been posted in the Company's website viz., URL: http://rane.co.in/pdf/policies/revlwbpolicy.pdf.

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

12. Means of communication

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

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

13. General Shareholder Information

i. Information about director seeking re-appointment in this Annual General Meeting in compliance with Regulation 26(4) & 36(3) of SEBI LODR

Name of the Director	**Mr. L Lakshman**
Director Identification Number (DIN)	**00012554**
Father's Name	Mr. L L Narayan
Date of Birth	July 17, 1946
Educational Qualifications	B.E, Executive MBA from London Business School
Experience	Mr. L Lakshman has been spearheading the business of different companies in Rane Group and has more than 46 years of industrial experience.
Date of Appointment	June 25, 1997
Relationship with other directors	Brother of Mr. L Ganesh and father of Mr. Harish Lakshman
Directorships in listed entities	**Executive Chairman & Managing Director** Rane Holdings Ltd **Director** Rane Engine Valve Limited Rane Brake Lining Limited Rane (Madras) Limited SRF Limited
Committee Memberships in listed entities	**Member – Audit Committee** Rane Engine Valve Limited Rane (Madras) Limited SRF Limited **Chairman – Stakeholders' Relationship Committee** Rane (Madras) Limited **Member – Nomination and Remuneration Committee** Rane Engine Valve Limited Rane (Madras) Limited **Chairman – Corporate Social Responsibility Committee** Rane Engine Valve Limited Rane (Madras) Limited Rane Brake Lining Limited Rane Holdings Limited
Number of shares held*	100

* includes joint shareholding

ii Annual General Meeting : July 25, 2016 at 10.15 a.m.
The Music Academy (Mini Hall),
New No. 168, T.T.K Road,
Royapettah, Chennai 600 014.

iii Financial Year – 1st April - 31st March

Financial Calendar:

Board Meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2016	May 19, 2016
Un-audited results for the 1st quarter ending June 30, 2016	By last week of July 2016
Un-audited results for the 2nd quarter ending September 30, 2016	By last week of October 2016
Un-audited results for the 3rd quarter ending December 31, 2016	By last week of January 2017
Annual Accounts for the year ending March 31, 2017	By last week of May 2017

iv. Listing on Stock Exchanges

Stock Exchange	Stock Code
a) National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No C/1, G Block,Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	RANEENGINE
b) BSE Ltd. (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 2016-17 to NSE & BSE where the shares of the Company continue to be listed.

V. Unpaid / Unclaimed Dividends

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended March 31, 2009 and thereafter which remain unclaimed for a period of seven years (including dividends declared by erstwhile Kar Mobiles Limited) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the Company had transferred to IEPF an unclaimed interim dividend amount of ₹ 1,15,079/- for the financial year ended March 31, 2008. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividend due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per share#	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2016 (₹)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2009	23.07.2009$	2	1,12,658.00	28.08.2016	27.09.2016
31.03.2009	22.07.2009	2	66,900.00	27.08.2016	26.09.2016
31.03.2010 *	22.01.2010$	3	1,88,976.00	27.02.2017	29.03.2017
31.03.2010*	20.01.2010	1.5	41,523.00	25.02.2017	27.03.2017
31.03.2010	22.07.2010$	1.5	85,716.00	27.08.2017	26.09.2017
31.03.2010	20.07.2010	1.5	44,782.50	25.08.2017	24.09.2017
31.03.2011 *	20.01.2011$	4	2,54,904.00	25.02.2018	27.03.2018
31.03.2011*	24.01.2011	3	1,09,641.00	01.03.2018	31.03.2018
31.03.2011	21.07.2011$	1	65,016.00	26.08.2018	25.09.2018
31.03.2011	20.07.2011	2	67,122.00	25.08.2018	24.09.2018
31.03.2012 *	23.01.2012$	5	3,19,755.00	28.02.2019	30.03.2019
31.03.2012*	24.01.2012	7.5	2,93,820.00	01.03.2019	31.03.2019
31.03.2012	24.07.2012$	3.5	2,19,947.00	29.08.2019	28.09.2019
31.03.2012	23.07.2012	3	1,02,747.00	28.08.2019	27.09.2019
31.03.2013 *	21.01.2013$	2	1,51,860.00	26.02.2020	27.03.2020
31.03.2013	23.07.2013$	2.5	1,79,362.50	28.08.2020	27.09.2020
31.03.2014	25.07.2014$	2.5	1,81,930.00	30.08.2021	29.09.2021
31.03.2015	21.07.2015	2.5	2,30,142.50	27.08.2022	26.09.2022

\# - Share of paid-up value of ₹ 10 per share
* - Interim dividend
$ - Pertains to Kar Mobiles Limited since amalgamated with the Company

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on July 21, 2015 in accordance with the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012. The above details were also uploaded in the website of the Company viz. www.rane.co.in

vi Unclaimed share certificates

Under clause 5A (II) of the listing agreement / Regulation 39 of SEBI LODR, the Company had previously sent three reminders to the shareholders for getting their confirmation on unclaimed shares.

Details of Unclaimed Suspense account	Number of shareholders	Number of shares outstanding
Aggregate at the beginning of the year	266	25,807
Requests for transfer during the year	2	408
Transfers during the year	2	408
Balance at the end of the year	264	25,399

The voting rights of these shareholders remains frozen till the rightful owner of such shares claims the same.

vii Share Price Data

The share price data (based on closing price) as quoted on the National Stock Exchange of India Ltd. and BSE Ltd. during the last financial year viz. April 1, 2015 – March 31, 2016 is given below:

Month	BSE				NSE			
	Share Prices (₹)		BSE Sensex		Share Prices (₹)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
April 2015	580.50	560.00	29044.44	27011.31	577.80	560.00	8834.00	8181.50
May 2015	589.50	550.00	27957.5	26599.11	590.00	550.00	8458.95	8057.30
June 2015	550.00	500.00	27895.97	26370.98	538.05	500.00	8433.40	7965.35
July 2015	560.00	503.50	28504.93	27459.23	554.95	505.10	8633.50	8328.55
August 2015	525.00	500.00	28298.13	25714.66	531.25	500.00	8588.65	7791.85
September 2015	514.00	500.00	26218.91	24893.81	514.80	500.00	7981.90	7558.80
October 2015	510.00	495.25	27470.81	26220.95	510.00	500.00	8295.45	7950.90
November 2015	530.25	500.00	26590.59	25482.52	524.00	500.00	8060.70	7731.80
December 2015	515.00	500.00	26169.41	25036.05	517.80	500.00	7954.90	7610.45
January 2016	520.00	495.00	26160.9	23962.21	513.15	490.00	7963.20	7276.80
February 2016	495.00	444.30	24824.83	22951.83	490.10	442.00	7555.95	6970.60
March 2016	470.00	450.00	25341.86	23779.35	470.00	450.00	7735.20	7222.30

ix Registrar and Transfer Agent

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

Integrated Enterprises (India) Ltd.,

II Floor, 'Kences Towers',

No.1, Ramakrishna Street, North Usman Road,

T. Nagar, Chennai – 600 017.

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

e-mail: corpserv@integratedindia.in

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

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 de-mat / re-mat requests in coordination with the RTA. Share transfers are approved within fifteen days from date of receipt of valid request. Transmission requests are also processed within time stipulated under SEBI LODR.

On a half-yearly basis the compliance with the share transfer formalities is audited by a Practising Company Secretary (PCS) in terms of clause 47(c) of the Listing Agreement / Regulation 40(10) of SEBI (LODR) with the stock exchanges and a certificate to this effect is filed with the stock exchanges. Also reconciliation of share capital audit in terms of regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 is taken up on a quarterly basis and the report of the PCS is filed with the stock exchanges certifying that the total listed capital of the Company is in agreement with the total number of shares in physical and dematerialized form and that there is no difference between the issued and the listed capital of the Company.

xi Distribution of shareholding as on March 31, 2016

No. of shares held	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	4,751	90.55	4,67,497	6.95
501 - 1,000	229	4.36	1,63,869	2.44
1,001 - 2,000	115	2.19	1,61,690	2.41
2,001 –3,000	44	0.84	1,07,454	1.60
3,001 - 4,000	15	0.29	51,432	0.77
4,001 - 5,000	19	0.36	84,188	1.25
5,001 - 10,000	32	0.61	2,13,692	3.18
10,001 & above	42	0.80	54,69,170	81.40
Total	**5,247**	**100.00**	**67,18,992**	**100.00**

xii De-materialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2016, about 96.18 % of the shareholdings are in dematerialised form.

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

Particulars	Number of shares		% total capital	
	As on March 31, 2016	As on March 31, 2015	As on March 31, 2016	As on March 31, 2015
Physical	2,56,553	1,31,505	3.82	2.55
Demat	64,62,439	50,19,487	96.18	97.45
Total	**67,18,992**	**51,50,992**	**100.00**	**100.00**

The company has allotted 15,68,000 equity shares on May 4, 2015 to shareholders of erstwhile Kar Mobiles Limited pursuant to scheme of amalgamation of Kar Mobiles Limited with the company. The Company had filed requisite Corporate Action Form for crediting the said shares to shareholders of erstwhile Kar Mobiles Limited with NSDL and CDSL on May 6, 2015. The company had made necessary application for listing approval with NSE and BSE on May 12, 2015 and the approval for listing of shares was given by NSE on May 18, 2015 and BSE on May 25, 2015. Allotted shares were credited to the allottees in their demat account as effected by NSDL and CDSL and for those KML shareholders who were holding shares in physical form, share certificates were despatched by the RTA.

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

Demat ISIN Number : **INE222J01013**

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

xiii Plant locations - Given in page no. 5 of the Annual Report.

xiv Address for communication:

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

OR

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

To

The Members

Rane Engine Valve Limited

Declaration by Chief Executive Officer on Code of Conduct pursuant to Part C of Schedule V of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, hereby declare that to the best of my knowledge and information, all the board members and senior management personnel have affirmed compliance with 'Ethical Standards of Behaviour – RANE COMPASS', the code of conduct, for the year ended March 31, 2016.

Place: Chennai
Dated : May 19, 2016

L Ganesh
Chairman & Managing Director

AUDITOR'S CERTIFICATE

To,

The Shareholders of Rane Engine Valve Limited

We have examined the compliance of conditions of Corporate Governance by Rane Engine Valve Ltd. for the year ended on March 31, 2016 as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period December 1, 2015 to March 31, 2016

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

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

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

For **Brahmayya & Co.**
Chartered Accountants,
Firm Regn No: 000511S

P.S.Kumar
Partner
Membership No: 15590

Place: Chennai
Date: May19, 2016

Annexure H to the Report of the Board of Directors

Extract of Annual Return - MGT 9

as on the financial year ended on 31/03/2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

(I) REGISTRATION AND OTHER DETAILS:

(i)	CIN	:	L74999TN1972PLC006127
(ii)	Registration Date	:	09/03/1972
(iii)	Name of the Company	:	**Rane Engine Valve Limited**
(iv)	Category / Sub-Category of the Company	:	Public Company – Limited by Shares Indian Non-Government company
(v)	Address of the Registered office and contact details	:	'Maithri' No.132, Cathedral Road, Chennai – 600 086 Phone: 044 – 2811 2472; Fax: 044 – 2811 2449
(vi)	Whether listed company	:	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Integrated Enterprises (India) Limited II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. E-mail: corpserv@integratedindia.in Phone: 044 2814 0801; Fax: 044 2814 2479 Contact Person: Mr Suresh Babu K, Senior Vice President

(II) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

(III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Rane Holdings Limited 'Maithri' No.132, Cathedral Road, Chennai – 600004, India	L35999TN1936PLC002202	Holding Company	51.07	2(46)

(IV) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1) Indian									
a) Individual/ HUF	4,487	-	4,487	0.09	5,880	-	5,880	0.09	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	28,09,686	-	28,09,686	54.55	34,31,054	-	34,31,054	51.07	(3.485)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	28,14,173	-	28,14,173	54.63	34,36,934	-	34,36,934	51.15	(3.485)
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total Promoter Shareholding (A) = (A)(1)+ (A)(2)	**28,14,173**	**-**	**28,14,173**	**54.63**	**34,36,934**	**-**	**34,36,934**	**51.15**	**(3.48)**
B. Public Shareholding									
1. Institutions	-	-	-	-					
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	645	5,673	6,318	0.12	2,219	6,882	9,101	0.14	0.02
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	26,250	26,250	0.39	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	83,226	-	83,226	1.62	83,226	-	83,226	1.24	(0.38)
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**83,871**	**5,673**	**89,544**	**1.74**	**85,445**	**33,132**	**1,18,577**	**1.76**	**(0.02)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5,40,228	865	5,41,093	10.5	6,90,988	1,022	6,92,010	10.3	(0.2)
ii) Overseas	2,52,000	-	2,52,000	4.89	2,52,000	-	2,52,000	3.75	(1.14)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	7,66,505	1,07,628	8,74,113	16.97	9,80,148	2,04,304	11,84,452	17.63	0.66
ii) Individual shareholders holding nominal share capital in excess of Rs.1lakh	5,38,703	16,158	5,54,861	10.77	9,83,786	16,158	9,99,944	14.88	4.11
c) Others (specify)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indians	8,520	981	9,501	0.18	4,004	1,737	5,741	0.90	(0.10)
Overseas Corporate Bodies	-	200	200	0.00	-	200	200	0.00	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	1,674	-	1,674	0.03	2,545	-	2,545	0.04	0.01
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Limited Liability Partnership	-	-	-	-	1,190	-	1,190	0.02	0.02
Rane Engine Valve Limited - Unclaimed Shares Suspense Account	13,813	-	13,813	0.27	13,405	-	13,405	0.20	(0.07)
Kar Mobiles Limited – Unclaimed Shares Suspense Account	-	-	-	-	11,994	-	11,994	0.18	0.18
Sub-total (B)(2):-	**21,21,443**	**1,25,832**	**22,47,275**	**43.63**	**29,40,060**	**2,23,421**	**31,63,481**	**47.08**	**3.45**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	22,05,314	1,31,505	23,36,819	45.37	30,51,755	2,30,303	32,82,058	48.85	3.48
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**50,19,487**	**1,31,505**	**51,50,992**	**100.00**	**64,62,439**	**2,56,553**	**67,18,992**	**100.00**	**-**

(ii) Shareholding of Promoters:

S No	Shareholder's Name	At the beginning of the year			At the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rane Holdings Limited	28,09,686	54.55	-	34,31,054	51.07	-	(3.48)
2	Sumant Narayan	1,524	0.02	-	1,524	0.02	-	-
3	Suchitra Narayan	1,124	0.02	-	1,124	0.02	-	-
4	Malavika Lakshman	1,200	0.02	-	1,200	0.02	-	-
5	Chitra Sundaresan	189	0.00	-	189	0.00	-	-
6	Malavika Lakshman & Harish Lakshman	50	0.00	-	50	0.00	-	-
7	Pushpa Lakshman & L Lakshman	50	0.00	-	50	0.00	-	-
8	Pushpa Lakshman	-	0.00	-	1,358	0.02	-	0.02
9	Vinay Lakshman	50	0.00	-	50	0.00	-	-

10	Lakshman Harish	50	0.00	-	50	0.00	-	-
11	Ganesh L & Meenakshi Ganesh	50	0.00	-	85	0.00	-	-
12	Meenakshi Ganesh & Ganesh L	50	0.00	-	50	0.00	-	-
13	Lakshman L & Pushpa Lakshman	50	0.00	-	50	0.00	-	-
14	Aparna Ganesh	50	0.00	-	50	0.00	-	-
15	Aditya Ganesh	50	0.00	-	50	0.00	-	-
	TOTAL	**28,14,173**	**54.63**	**-**	**34,36,934**	**51.15**	**-**	**(3.52)**

(iii) Change in Promoters' Shareholding:

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	**28,14,173**	**54.63**	**28,14,173**	**54.63**
Rane Holdings Limited	28,09,686	54.55	28,09,686	04.55
Sumant Narayan	1,524	0.03	1,524	0.03
Suchitra Narayan	1,124	0.02	1,124	0.02
Malavika Lakshman	1,200	0.02	1,200	0.02
Chitra Sundaresan	189	0.00	189	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00
Pushpa Lakshman	-	0.00	-	0.00
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Vinay Lakshman	50	0.00	50	0.00
Lakshman Harish	50	0.00	50	0.00
Ganesh L & Meenakshi Ganesh	50	0.00	50	0.00
Meenakshi Ganesh & Ganesh L	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Aparna Ganesh	50	0.00	50	0.00
Aditya Ganesh	50	0.00	50	0.00
Date wise Increase in Promoters shareholding during the year specifying the reasons for increase /decrease:				
(e.g. allotment /transfer / bonus/ sweat equity etc.)				
Pushpa Lakshman (Transmission of shares on 22- 01-2016)	**1,358**	**0.02**	**1,358**	**0.02**
L Ganesh & Meenakshi Ganesh (Allotment pursuant to Merger of Kar Mobiles Ltd with the Company on 04-05-2016)	**35**	**0.00**	**85**	**0.00**
At the end of the year				
Rane Holdings Limited	34,31,054	51.07	34,31,054	51.07
Sumant Narayan	1,524	0.02	1,524	0.02

Suchitra Narayan	1,124	0.02	1,124	0.02
Malavika Lakshman	1,200	0.02	1,200	0.02
Chitra Sundaresan	189	0.00	189	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00
Pushpa Lakshman	1,358	0.02	1,358	0.02
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Vinay Lakshman	50	0.00	50	0.00
Lakshman Harish	50	0.00	50	0.00
Ganesh L & Meenakshi Ganesh	85	0.00	85	0.00
Meenakshi Ganesh & Ganesh L	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Aparna Ganesh	50	0.00	50	0.00
Aditya Ganesh	50	0.00	50	0.00
At the end of the year	**34,36,934**	**51.15**	**34,36,934**	**51.15**

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

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD/MM/YYYY)	Increase / Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
	At the beginning of the year								
1	Enam Shares & Securities Private Limited	4,78,890	7.13	10-04-2015	4,78,890	(7.13)	Transfer	-	-
2	Enam Securities Pvt Ltd	-	-	23-10-2015	4,78,890	7.13	-	4,78,890	7.13
3	TRW Automotive J V LLC	2,52,000	3.75	-	-	-	-	2,52,000	3.75
4	Hiten Anantrai Sheth	1,05,097	1.56	12-06-2015	30,681	0.46	Purchase	1,35,778	2.02
5	Gagandeep Credit Capital Pvt Ltd	-	-	05-06-2015	81,970	1.22	Purchase	81,970	1.22
6	Nemish S Shah			05-06-2015	67,900	1.01	-	67,900	1.01
7	M M Narayanamma	62,662	0.93	05-06-2015	621	0.01	Purchase	63,283	0.94
8	Wise Trading And Advisory Private Limited	-	-	05-06-2015	61,825	0.92	Purchase	61,825	0.92
9	Chitra Venkataraman	49,772	0.74	05-06-2015	7,113	0.11	Purchase	56,885	0.85
10	Bhavna Govindbhai Desai	224	0.00	05-06-2015	52,430	0.78	Purchase	52,654	0.78
11	United India Insurance Company Limited	45,451	0.68	-	-	-	-	45,451	0.68
12	Mukesh Chimanlal Patani	39,060	0.58	-	-	-	-	39,060	0.58
13	The Oriental Insurance Company Limited	37,775	0.56	-	-	-	-	37,775	0.56

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date (DD/MM/YYYY)	Increase / Decrease in shareholding	% of total shares of the company	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
14	Sonal Amitbhai Shah	30,000	0.45	-	-	-	-	30,000	0.45
15	Anuj Anantrai Sheth	29,108	0.43	08-01-2016	8,681	0.13	Purchase	37,789	0.56
16	Kusum Finserve Private Limited	28,612	0.43	03-04-2015	(28,612)	(0.43)	Transfer	-	-
17	The Secretary to the Govt of Kerala	26,250	0.39	-	-	-	-	26,250	0.39
18	Gunvantrai Maganlal Shah	25,000	0.37	-	29,598	0.44	Purchase	54,598	0.81
19	Bachaladharani	20,560	0.31	03-04-2015	(2)	0.00	Purchase	20,558	0.31
20	Ketan S Shah	20,000	0.30	-	-	-	Purchase	20,000	0.30
21	Dixit Gunvantrai Shah	4,010	0.06	05-06-2015	10,521	0.16	Purchase	14,531	0.22
				26-06-2015	1,994	0.03	Purchase	16,525	0.25
				30-06-2015	956	0.01	Purchase	17,481	0.26
				03-07-2015	70	0.00	Purchase	17,551	0.26
				24-07-2015	145	0.00	Purchase	17,696	0.26
				31-07-2015	366	0.01	Purchase	18,062	0.27
				14-08-2015	7,794	0.12	Purchase	25,856	0.39
				21-08-2015	991	0.02	Purchase	26,847	0.40
				28-08-2015	14,479	0.22	Purchase	41.326	0.62
				04-09-2015	738	0.01	Purchase	42,064	0.63
				11-09-2015	5,665	0.08	Purchase	47,729	0.71
				18-09-2015	173	0.00	Purchase	47,902	0.71
				25-09-2015	880	0.01	Purchase	48,782	0.73
				30-09-2015	287	0.00	Purchase	49,069	0.73
				02-10-2015	300	0.00	Purchase	49,369	0.74
				19-02-2016	7,435	0.11	Purchase	56,804	0.85
				31-03-2016	8,196	0.12	Purchase	65,000	0.97

(v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
Ganesh L & Meenakshi Ganesh	50	0.00	50	0.00
Meenakshi Ganesh & Ganesh L	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Lakshman Harish	50	0.00	50	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00
Date wise Increase in Promoters shareholding during the year specifying the reasons for increase /decrease:				
(e.g. allotment /transfer / bonus/ sweat equity etc.)				
L Ganesh & Meenakshi Ganesh (Allotment pursuant to Merger of Kar Mobiles Ltd with the Company on 04-05-2015)	**35**	**0.00**	**85**	**0.00**
At the end of the year				
Ganesh L & Meenakshi Ganesh	85	0.00	85	0.00
Meenakshi Ganesh & Ganesh L	50	0.00	50	0.00
Lakshman L & Pushpa Lakshman	50	0.00	50	0.00
Pushpa Lakshman & L Lakshman	50	0.00	50	0.00
Lakshman Harish	50	0.00	50	0.00
Malavika Lakshman & Harish Lakshman	50	0.00	50	0.00

V. INDEBTEDNESS:

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,436,635,947.84	32,592,233.00	62,100,000.00	1,531,328,180.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,732,642.67	-	3,925,184.00	11,657,826.67
Total (i+ii+iii)	1,444,368,590.51	32,592,233.00	66,025,184.00	1,542,986,007.51
Change in Indebtedness during the financial year				
Addition	449,861,000.00	-	-	449,861,000.00
Reduction	501,307,769.66	7,573,462.00	50,284,964.00	559,166,195.66
Net Change	-51,446,769.66	-7,573,462.00	-50,284,964.00	-109,305,195.66

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	1,388,513,293.84	25,018,771.00	14,710,000.00	1,428,242,064.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,408,527.00	-	1,030,220.00	5,438,747.00
Total (i+ii+iii)	**1,392,921,820.84**	**25,018,771.00**	**15,740,220.00**	**1,433,680,811.84**

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

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

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

B. Remuneration to other Directors: Amount in ₹

S. No.	Particulars of Remuneration	Name of Directors								Total Amount
		L Ganesh	L Lakshman	Harish Lakshman	C N Srivatsan	R V Raghavan	Ashok Malhotra	S Krishna Kumar	Brinda Jagirdar	
1	**Independent Directors**									
a	Fee for attending board / committee meetings	-	-	-	1,85,000	80,000	1,85,000	1,80,000	1,00,000	7,30,000
b	Commission	-	-	-	-	-	-	-	-	-
c	Others, please specify	-	-	-	-	-	-	-	-	-
Total (1)		-	-	-	1,85,000	80,000	1,85,000	1,80,000	1,00,000	7,30,000
2	**Other Non-Executive Directors**									
a	Fee for attending board / committee meetings	-	1,87,500	1,05,000	-	-	-	-	-	2,92,500
b	Commission	-	-	..	-	-	-	-	-	-
c	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	-	1,87,500	1,05,000	-	-	-	-	-	2,92,500
	Grand Total (1+2)	-	1,87,500	1,05,000	1,85,000	80,000	1,85,000	1,80,000	1,00,000	10,22,500

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

S.No		Particulars of Remuneration	Key Managerial Personnel		Total
			CFO B Sureshkumar	CS V Subramani*	
1	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,07,987.00	10,26,935.00	35,34,922.00
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2		Stock Option	-	-	-
3		Sweat Equity	-	-	-
4		Commission- as % of profit	-	-	-
5		Others, please specify	-	-	-
Total (A)			**25,07,987.00**	**10,26,935.00**	**35,34,922.00**

* Resigned w.e.f February 10, 2016

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

Independent Auditor's Report

To

The Members of Rane Engine Valve Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Rane Engine Valve Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of the Company as at March 31, 2016, and its Loss and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure - "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

9. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards 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, 2016, taken

on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 20 to the financial statements;

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Regn No: 000511S

P.S.Kumar
Partner
Membership No: 15590

Place: Chennai
Date: May 19, 2016

Annexure – "A" to the Independent Auditor's Report

Referred to in Paragraph 8 of our report of even date

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The company has a programme of verification of fixed assets whereby all the fixed assets are physically verified by the management over a period of three years in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification in respect of assets verified during the year.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in one case wherein the title of property in the name of the company as per revenue records and claimed by the local authority as assigned lands for which the company has obtained a stay protecting its title and the case is pending disposal.

2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

3. In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered under Section 189 of the Companies Act, 2013. An unsecured loan to a public charitable trust was granted in an earlier year and due for repayment during the year. The loan granted was interest free and the terms and conditions of the grant of loan was not prejudicial to the interest of the company and the loan has been repaid by the party during the year and no amount was outstanding as on March 31, 2016.

4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which the provisions of section 185 and 186 of the Act are applicable.

5. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, wherever applicable and the directives issued by the Reserve Bank of India, wherever applicable, with regard to deposits accepted from the public. According to the explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1)of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

7. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Cess and any other statutory dues to the appropriate authorities. There are no outstanding statutory dues as at March 31, 2016, for a period of more than six months from the date they became payable.

   (b) Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of duty of customs, sales tax, value added tax on account of any dispute. The details of disputed duty of excise, service tax and income tax that have not been deposited with the appropriate authorities are as follows:

Name of Statute	Nature of Dues	Amount (₹. in Crores)	Forum where dispute is pending
Finance Act, 1994	Service tax	0.94	Customs, Excise & Service Tax Appellate Tribunal, Bengaluru
Finance Act, 1994	Service tax	0.03	Commissioner of central Excise (Appeals), Bengaluru
The Central Excise Act, 1944	Excise duty	0.01	Excise Appellate Tribunal, Bengaluru
The Income Tax Act, 1961	Income Tax for the Assessment Year 1995-96	0.23	The Supreme Court of India
The Income Tax Act, 1961	Income Tax for the Assessment Year 2004-05, 2005-06, 2010-11 and 2011-12	1.28	Commissioner of Income Tax (Appeals), Chennai

8. According to the information and explanations given to us, the company has not defaulted in repayment of loan or borrowing to financial institutions, or banks or Government. The company has not issued any debentures.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). On the basis of review of utilisation of funds on overall basis the term loans taken by the company were applied for the purposes for which the loans were obtained.

10. Based upon the audit procedures performed and information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, requisite approvals for managerial remuneration have been obtained by the Company, in accordance with the provisions of section 197 read with Schedule V to the Act. However, no managerial remuneration was paid / provided during the year by the Company due to inadequacy of profits.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Regn No: 000511S

P.S.Kumar
Partner
Membership No: 15590

Place: Chennai
Date: May 19, 2016

Annexure – "B" the Independent Auditor's Report

Referred to in Paragraph 9(f) of our report of even date

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

1. We have audited the internal financial controls over financial reporting of Rane Engine Valve Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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

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

4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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

6. 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

7. 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

8. 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, 2016, 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 **Brahmayya & Co.,**
Chartered Accountants
Firm Regn No: 000511S

P.S.Kumar
Partner
Membership No: 15590

Place: Chennai
Date: May 19, 2016

Balance Sheet

As at 31st March 2016

(₹ in Crores)

Particulars	Note	As at 31 Mar 2016	As at 31 Mar 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	6.72	5.15
Reserves and Surplus	3	96.23	108.80
		102.95	**113.95**
Equity Share Capital pending allotment pursuant to scheme of merger (Refer Note No.2.6)		-	**1.57**
Non-Current Liabilities			
Long-Term Borrowings	4	61.48	58.15
Deferred Tax Liabilities (Net)	5	-	-
Other Long term liabilities	6	0.52	0.54
Long Term Provisions	7	6.66	10.19
		68.66	**68.88**
Current Liabilities			
Short-Term Borrowings	8	55.07	60.44
Trade Payables	9		
Total outstanding dues to micro enterprises and small enterprises		1.00	0.08
Total outstanding dues of creditors other than micro enterprises and small enterprises		35.63	46.30
Other Current Liabilities	10	43.73	48.29
Short-Term Provisions	11	2.31	3.34
		137.74	**158.45**
		309.35	**342.85**
Assets			
Non-Current assets			
Fixed Assets	12		
Tangible Assets		160.62	173.10
Intangible Assets		0.38	0.09
Capital Work-in-Progress		3.30	6.15
Non-current investments	13	0.57	0.55
Deferred tax assets (net)	5	6.86	1.74
Long term loans and advances	14	14.71	14.03
		186.44	**195.66**
Current Assets			
Inventories	15	47.21	59.45
Trade Receivables	16	60.29	68.10
Cash and Bank Balances	17	1.64	2.14
Short-Term Loans and Advances	18	9.36	15.09
Other Current Assets	19	4.41	2.41
		122.91	**147.19**
		309.35	**342.85**

See accompanying notes 1 - 46 forming part of the financial statements.

As per our report of even date attached

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

P.S. KUMAR
Partner
Membership No. 15590

CHENNAI
May 19, 2016

HARISH LAKSHMAN
Vice Chairman

P. GUHANANTHAM
Company Secretary

For and on behalf of the Board

L.GANESH
Chairman & Managing Director

B. SURESH KUMAR
Chief Financial Officer

Statement of Profit and Loss

for the year ended 31st March 2016

(₹ in Crores)

Particulars	Note	Year ended 31 Mar 2016	Year ended 31 Mar 2015
Revenue from Operations	21	382.48	426.53
Less: Excise Duty		32.88	31.35
		349.60	395.18
Other Income	22	2.95	4.05
Total Revenue		**352.55**	**399.23**
Expenses:-			
Cost of Raw Materials Consumed	23	118.80	136.75
Purchase of Traded Goods	24	7.33	9.33
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	25	8.41	(5.72)
Employee Benefits Expense	26	95.38	95.58
Financial Costs	27	14.22	18.48
Depreciation and Amortization		27.54	28.36
Other Expenses	28	116.02	129.57
Total Expenses		**387.70**	**412.35**
Profit / (Loss) before Exceptional Items and Tax		(35.15)	(13.12)
Exceptional Items (Net) (Refer Note No.41)		17.49	44.58
Profit / (Loss) Before Tax		**(17.66)**	**31.46**
Tax Expense:			
Current tax		-	2.14
MAT Credit Entitlement		-	(2.14)
Deferred Tax		(5.12)	7.98
Relating to Earlier Years		0.00	0.00
Profit / (Loss) for the year		**(12.54)**	**23.48**
Earning per Equity Share: (Refer Note No.36)			
Basic		(18.67)	34.94
Diluted		(18.67)	34.94
Number of shares of ₹ 10 each		6,718,992	6,718,992

See accompanying notes 1 - 46 forming part of the financial statements.

As per our report of even date attached

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

P.S. KUMAR
Partner
Membership No. 15590

CHENNAI
May 19, 2016

HARISH LAKSHMAN
Vice Chairman

P. GUHANANTHAM
Company Secretary

For and on behalf of the Board
L.GANESH
Chairman & Managing Director

B. SURESH KUMAR
Chief Financial Officer

Cash Flow Statement

for the year ended 31st March 2016

(₹ in Crores)

	Particulars	Year ended 31 Mar 2016	Year ended 31 Mar 2015
A.	**Cash flow from operating activities**		
	Net profit before tax	(17.66)	31.46
	Adjustments for:		
	Depreciation	27.54	28.36
	Unrealised Foreign exchange loss / (gain) - net	(0.06)	(0.17)
	Interest expense	14.22	18.48
	(Gain) / Loss on sale of fixed assets - net	(27.81)	(45.05)
	Assets Written off / Provision for Retirement of Assets	1.05	1.69
	Provision for bad debts and bad debts written off	0.10	0.33
	Voluntary retirement expenditure	10.05	0.33
	Provision for gratuity and leave salary - (net)	(2.54)	(0.15)
	Operating profit before working capital changes	**4.89**	**35.28**
	Adjustments for:		
	(Increase) / Decrease in trade and other receivables	11.46	(8.53)
	(Increase) / Decrease in inventories	12.25	(9.62)
	Increase / (Decrease) in sundry creditors	(5.36)	2.62
	Cash generated from operations	**23.24**	**19.75**
	Income taxes paid - net of refund	(1.93)	(3.07)
	Net cash from operating activities (A)	**21.31**	**16.68**
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(12.56)	(23.90)
	Proceeds from sale of fixed assets	27.90	45.49
	Purchase of investments	(0.02)	-
	Payment for voluntary retirement expenditure	(10.05)	(0.33)
	Proceeds from sale of investments	-	-
	Dividend received	-	-
	Net cash used in investing activities (B)	**5.27**	**21.26**
C.	**Cash flow from financing activities:**		
	Proceeds from long term borrowings	44.99	45.14
	Proceeds from other borrowings	0.23	5.90
	Repayment of long term borrowings	(44.43)	(79.05)
	Repayment of other borrowings	(10.23)	9.34
	Repayment of Interest Free Sales Tax	(0.76)	(0.65)
	Interest paid	(14.84)	(19.14)
	Dividend paid	(2.04)	(0.69)
	Net cash from financing activities (C)	**(27.08)**	**(39.15)**
	Net Increase/(Decrease) in cash equivalents (A)+(B)+(C)	**(0.50)**	**(1.21)**
	Cash and cash equivalents - Opening Balance	2.14	3.11
	Cash and cash equivalents - Pursuant to Merger	-	0.24
	Cash and cash equivalents - Closing Balance	1.64	2.14
		0.50	**1.21**

As per our report of even date attached

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

P.S. KUMAR
Partner
Membership No. 15590

CHENNAI
May 19, 2016

HARISH LAKSHMAN
Vice Chairman

P. GUHANANTHAM
Company Secretary

For and on behalf of the Board
L.GANESH
Chairman & Managing Director

B. SURESH KUMAR
Chief Financial Officer

Notes forming part of the Financial Statements

for the year ended 31st March 2016

1. SIGNIFICANT ACCOUNTING POLICIES

System of Accounting

1.1 The financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.

1.2 The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include allowance for uncollectible accounts receivables, future obligations under employees benefit plans, useful life of depreciable fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. Actual results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialise.

1.3 Fixed Assets, Impairment & Depreciation

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

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

1.4 In respect of fixed assets (other than freehold land and capital work-in-progress) acquired during the year, depreciation / amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014 is depreciated over the remaining useful life based on evaluation.

Depreciation - Useful life of assets

A. Category of assets for which useful life is as per Schedule II of the Companies Act, 2013

Sl No.	Category	Useful life of assets (Yrs.)
1	Buildings (other than factory buildings)	60
2	Factory Buildings	30
3	Plant & Machinery (Single shift)	15
4	Computers (desktops, laptops, etc.)	3
5	Servers and networks	6

B. Category of assets for which useful life shorter than as prescribed under Schedule II of the Companies Act, 2013 is adopted

Sl No.	Category	Useful life of assets (Yrs.)
1	Furniture and fittings	5
2	Office Equipments	3
3	Vehicles	5
4	Intangibles (Technical know how)	6
5	Intangibles (Major software licenses)	3
6	Intangibles (Internally Generated)	3

In the case of Second hand assets and certain Plant & Machinery, depreciation is calculated taking into account the estimated useful life of the assets.

Assets costing individually up to Rs. 10,000/- shall be depreciated fully in the year of capitalisation with a residual value of Re.1/-.

1.5 Inventories

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

1.6 Foreign Currency Transactions

Transaction and Translation

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

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

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

1.7 Derivative instruments and Hedge accounting:

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

The changes in the fair values of forward contracts and options designated as cash flow hedges are recognised directly in 'Hedge Reserve Account' being part of the shareholders' funds and reclassified into the profit and loss account upon the occurrence of the hedged transactions. The changes in fair value relating to the ineffective portion of the cash flow hedges and forward contracts / options not designated as cash flow hedges are recognised in the profit and loss account as they arise.

1.8 Borrowing Costs

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

1.9 Taxes on Income

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

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

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

1.10 Research & Development

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

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

1.11 Employee Benefits

Defined Benefit Plan :

Gratuity : (Funded)

In accordance with applicable laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all staff, workers and officers. The liability is determined based on year end actuarial valuation using projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. The Gratuity Plan provides for, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a Gratuity trust which in turn mainly contributes to Life Insurance Corporation of India (LIC) for this purpose. Under this plan the settlement obligation remains with the Gratuity trust. Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the trust.

Leave encashment liability : (Unfunded)

In accordance with applicable rules, the liability for leave encashment (defined benefit plan (Unfunded)) was actuarially valued and provided in the books of accounts, covering all staff, workers and officers.

Provident Fund :

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

Superannuation :

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

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

1.12 Pre-operative Expenditure

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

1.13 Revenue Recognition

1.13.1 Sales are net of sales returns and trade discounts

and exclude all taxes and levies.

1.13.2 Export Incentive Beneifts are accounted on the following basis:

a) Duty drawback entitlement is accounted on accrual basis.

b) Merchandise Exports from India Scheme (MEIS) is accounted on accrual basis.

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

(₹ in Crores)

	Particulars	As at 31 Mar 2016	As at 31 Mar 2015
2	**Share Capital**		
	Equity Share Capital		
	Authorised Share Capital:-		
	12,350,000 Equity Shares (12,350,000 Equity Shares) of ₹ 10 each	12.35	12.35
	150,000 13.5% Preference Shares (150,000 Preference Shares) of ₹ 10 each	0.15	0.15
		12.50	12.50
	Issued, Subscribed and Fully Paid Up:-		
	6,718,992 Equity Shares (5,150,992 Equity Shares) of ₹ 10 each	6.72	5.15
2.1	**Number of Shares held by Holding Company**		
	Rane Holdings Limited	3,431,054	2,809,686
2.2	**Reconciliation of the number of shares outstanding**		

	Particulars	As at 31 Mar 2016	As at 31 Mar 2015
	Number of Equity Shares outstanding as at the beginning of the period	5,150,992	5,150,992
	Number of Equity Shares outstanding as at the end of the period	6,718,992	5,150,992
	Change in the number of Equity Shares Outstanding	1,568,000	-

2.3 Shares in the company held by each shareholder holding more than 5 per cent shares

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rane Holdings Limited, the Holding Company	3,431,054	51.07	2,809,686	54.55
Enam Share and Securities Private Limited	478,890	7.13	478,890	9.30

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

2.4 The Company has only one class of shares i.e. equity shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.

2.5 Details of shares allotted / bought back during the five years preceding the Balance Sheet date

Particulars	Year (Aggregate No. of Shares)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Equity Shares : Fully paid up pursuant to scheme of amalgamation of Kar Mobiles Limited with the company, without payment being received in cash	1,568,000	-	-	-	-

2.6 Pursuant to clause 5.1 of the Scheme of Amalgamation, 15,68,000 Equity Shares of ₹ 10/- each were allotted on 04-May-2015, to the Share holders of Kar Mobiles Ltd. in the ratio of 7 fully paid up Equity Shares of ₹ 10/- each of the Company for every 10 Shares of ₹ 10/- each held in Kar Mobiles Ltd. These newly allotted shares rank Pari Passu with the existing equity shares of the company in all respects including dividend.

3 Reserves and Surplus

(₹ in Crores)

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
Reserves		
Capital Reserve		
Opening Balance	1.34	0.57
Add : Additions Pursuant to Merger		
Preference Share Redemption Reserve	-	0.10
On account of Merger	-	0.67
Closing balance	**1.34**	**1.34**
Capital Subsidy		
Opening Balance	0.23	0.23
Add : Additions Pursuant to Merger		
Investment Subsidy from Government of Karnataka for Tumkur Unit	0.15	0.15
Grant Received from Industrial Credit and Investment Corporation Productivity Fund	0.04	0.04
Closing balance	**0.42**	**0.42**
Export Incentive Reserve		
Opening Balance	**0.19**	**0.19**
Hedge Reserve Account		
Opening Balance	0.03	-
Add : Additions Pursuant to Merger	-	0.19
Add : Additions during the year	-	0.03
Less : Deductions during the year	0.03	0.19
Closing balance	-	**0.03**
General Reserve		
Opening Balance	104.80	72.20
Add : Additions Pursuant to Merger	-	27.63
Add : Additions during the year	-	4.97
Less : Deductions during the year	-	-
Closing balance	**104.80**	**104.80**
	106.75	**106.78**
Surplus		
Opening Balance	2.02	(15.43)
Add:-		
Additions Pursuant to Merger	-	0.96
Net Profit after tax transferred from Statement of Profit and Loss	(12.54)	23.48
Less:-		
Final Dividend-Proposed Rs. Nil per share (Previous year Rs. 2.50 per share)	-	1.68
Tax on dividend	-	0.34
Transfer to general Reserve	-	4.97
Closing Balance	**(10.52)**	**2.02**
	96.23	**108.80**

Non Current Liabilities

4 Long Term Borrowings (₹ in Crores)

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
Secured		
Term Loans from Banks (Refer Note No.4.1 and 4.2)	59.91	54.11
	59.91	**54.11**
Unsecured		
Fixed Deposits (Refer Note No.4.3.1 and 4.3.2)	-	1.54
Other Loans and Advances		
Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note No.4.3.3)	1.57	2.50
	1.57	**4.04**
	61.48	**58.15**

4.1 Notes on Secured Long Term Borrowings

4.1.1 Term loans taken over pursuant to Merger (Standard Chartered Bank and Karur Vysya Bank) are secured by first charge on Pari-passu basis on all immovable and movable fixed assets, present and future, of the company's Peenya Unit and Tumakuru Unit and second charge on Pari-passu basis on all current assets, present and future, of the Peenya Unit and Tumakuru Unit.

4.1.2 Other Term loans are secured by Pari-passu basis first charge on the company's immovable and movable fixed assets (other than Property situated at Alandur-Chennai, Peenya and Tumakuru) both present and future.

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

Particulars	Repayment Start Date	O/s. Amt. as on 31.03.2016 (₹ in Crores)	Current Maturities (₹ in Crores)	Interest Rate	Instalment Amt. (₹ in Crores)	No. of Quarterly Instalments as per agreement
Rupee Term Loans						
ICICI Bank Ltd.	Dec / 2016	20.63	2.75	10.10%	1.38	15
Kotak Mahindra Bank Ltd	Feb / 2016	23.44	6.25	11.25%	1.56	16
Karur Vysya Bank	Jan / 2014	1.50	1.50	11.40%	0.75	11
Karur Vysya Bank	Dec / 2015	5.83	0.00	11.40%	0.00	12
HDFC Bank Ltd.						
Loan 1	Oct / 2016	10.00	1.25	10.10%	0.63	16
Loan 2	Nov / 2016	12.50	1.56	10.10%	0.78	16
External Commercial Borrowing (Fully Hedged)						
HDFC Bank Ltd.						
Loan 2	Jan / 2013	1.58	1.58	9.20%	1.58	14
HSBC Bank (Mauritius) Ltd.	Aug / 2013	8.31	6.65	9.13%	1.66	16
		83.79	**21.54**			

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

4.3 Notes on Unsecured Long Term Borrowings

4.3.1 Fixed Deposit accepted from public carry interest @ 9.5 % to 10.0 % and are for a tenure of 3 years.

4.3.2 Fixed Deposit includes due to related parties of ₹ Nil Crores (₹ 1.32 Crores)

4.3.3 The company is entitled for deferment of sales tax for a period of 14 years from 1996 to 2010 and the first year loan is repayable during March 2010 and the second year's loan is repayable in the year 2011 and the amount deferred in year 2010 is repayable in the year 2024. The company should continue to be in operation and there should not be any change in location or management of the company until the loan is fully repaid.

5 Deferred Tax (Liabilities)/Assets (NET) (₹ in Crores)

Particulars	As at 31 Mar 2015	For the year 31 March 2016	As at 31 Mar 2016
Liability			
Related to Fixed Assets	13.84	(2.19)	11.65
	13.84	**(2.19)**	**11.65**
Assets			
Provision for expenses allowable on payment basis			
Provision for Leave Salary	1.84	0.04	1.88
Provision for Liability	0.27	(0.06)	0.21
Provision for Gratuity	1.98	(1.35)	0.63
Provision for Doubtful Debts	0.39	0.03	0.42
Voluntary Retirement Compensation Scheme	8.89	(0.39)	8.50
Amalgamation Expenses	0.20	(0.05)	0.15
Unabsorbed Depreciation	2.01	4.71	6.72
	15.58	**2.93**	**18.51**
Deferred tax (Liabilities) / Assets (Net)	**1.74**	**5.12**	**6.86**

5.1 The deferred tax asset arising on unabsorbed depreciation has been recognised to the extent of the availability of future taxable income by virtue of future reversal of deferred tax liability recognised at the Balance Sheet date.

(₹ in Crores)

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
6 Other Long Term Liabilities		
Trade Payables	-	-
Other Long Term Liabilities (Refer Note No. 6.1)	0.52	0.54
	0.52	**0.54**
6.1 Amount payable on investment as per the agreement with TCW Renewable Energy (India) Private Limited		
7 Long Term Provisions		
Provision for employee benefits		
Gratuity (unfunded)	1.51	5.07
Leave Encashment (Unfunded)	5.15	5.12
	6.66	**10.19**
Current Liabilities		
8 Short Term Borrowings		
Secured		
Loans repayable on demand from banks (Refer Note No.8.1 and 8.2)	55.07	60.44
	55.07	**60.44**

8.1 Short term borrowings amounting to ₹ 24.98 Crores (₹ 24.74 Crores) taken over persuant to Merger (State Bank of India and Karur Vysya Bank) are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the company's Peenya Unit and Tumakuru Unit on Pari-passu basis and also secured by second charge on land and buildings and plant and machineries of the company's Peenya Unit and Tumakuru Unit.

8.2 Other Short term borrowings amounting to ₹ 30.08 Crores (₹ 35.70 Crores) from banks are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts of the company (other than Property situated at Alandur-Chennai, Peenya Unit and Tumakuru Unit).

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

(₹ in Crores)

	Particulars	As at 31 Mar 2016	As at 31 Mar 2015
9	**Trade Payables**		
	Dues to micro enterprises and small enterprises (Refer Note No.42)	1.00	0.08
	Related Party	0.99	1.06
	Others	34.64	45.24
		36.63	**46.38**
10	**Other Current Liabilities**		
	Current Maturities of Long Term Borrowings (Refer Note No.10.1)	26.27	34.54
	Interest accrued but not due on borrowings	0.54	1.17
	Interest accrued and due on borrowings	0.02	-
	Fixed Deposit interest paid but not encashed	0.01	0.01
	Unclaimed Dividends (Refer Note. No.39)	0.27	0.29
	Unclaimed REVL Fractional Shares	0.01	-
	Security / Trade Deposits	0.00	0.01
	Employee Related dues	8.39	2.87
	Advance from Customers	0.09	0.12
	Payable on Purchase of Fixed Assets	0.61	2.01
	Contractual	0.32	0.28
	Related Party	0.01	-
	Statutory Dues	2.61	3.31
	Others (Refer Note No.10.3)	4.58	3.68
		43.73	**48.29**
10.1	Current maturities of long term borrowings		
	Current Maturities of Long Term Debt	23.87	29.11
	Current Maturities of Fixed Deposits (Refer Note. No.10.2)	1.47	4.67
	Current Maturities of IFST Loan	0.93	0.76
		26.27	**34.54**
10.2	Current Maturities of Fixed Deposits include due to related parties of Rs.0.45 Crores (Rs.0.73 Crores)		
10.3	Amount due to directors Rs. Nil (Rs. Nil Crores)		
11	**Short Term Provisions**		
	Provision for employee benefits		
	Gratuity (Funded)	2.04	1.04
	Leave Encashment (un funded)	0.27	0.28
	Other provisions		
	Proposed Dividend on Equity Shares & Provision for Tax on distributed profits	-	2.02
		2.31	**3.34**

Non-Current Assets

12 Fixed Assets

₹ Crores

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 Mar 2015	Additions / Adjustments	Disposals / Adjustments	As at 31 Mar 2016	As at 31 Mar 2015	For the year	Disposals / Adjustments	As at 31 Mar 2016	As at 31 Mar 2016	As at 31 Mar 2015
Tangible assets (Refer Note 12.1)										
Land	2.38	-	0.00	2.38	-	-	-	-	2.38	2.38
Buildings	49.60	0.93	2.14	48.39	12.78	1.60	1.18	13.20	35.19	36.82
Plant and Equipment	326.27	14.26	4.41	336.12	194.11	24.90	4.27	214.74	121.38	132.16
Furniture and Fixtures	6.31	0.69	0.11	6.89	5.31	0.52	0.12	5.71	1.18	1.00
Vehicles	0.09	-	0.00	0.09	0.08	0.00	0.00	0.08	0.01	0.01
Office equipment	3.82	0.16	0.79	3.19	3.09	0.38	0.76	2.71	0.48	0.73
	388.47	**16.04**	**7.45**	**397.06**	**215.37**	**27.40**	**6.33**	**236.44**	**160.62**	**173.10**
Intangible assets										
Licenses	1.89	0.00	-	1.89	1.80	0.03	-	1.83	0.06	0.09
Internally generated Process Knowhow	-	0.43	-	0.43	-	0.11	-	0.11	0.32	-
	1.89	**0.43**	**-**	**2.32**	**1.80**	**0.14**	**-**	**1.94**	**0.38**	**0.09**
	390.36	**16.47**	**7.45**	**399.38**	**217.17**	**27.54**	**6.33**	**238.38**	**161.00**	**173.19**
For the year 2014-15	373.92	32.12	15.68	390.36	202.35	28.36	13.54	217.17	173.19	171.57
Capital Work in Progress									**3.30**	**6.15**
									164.30	**179.34**

12.1 Borrowing cost of ₹ Nil Crores (₹ 0.47 Crores) is capitalised along with the cost of capital asset.

12.2 Assets Retired from active use and held for sale amounting to ₹. 0.01 Crores (₹ 0.06 Crores) has been shown under other current assets (Refer Note 19).

(₹ in Crores)

	Particluars	No. of Shares	As at 31 Mar 2016	No. of Shares	As at 31 Mar 2015
13	**Non Current Investments**				
	Trade Investments (At Cost)	-	-	-	-
	In Equity Shares, Unquoted, fully paid up	-	-	-	-
	TCW Renewable Energy (India) Private Limited of Rs.10.each	613,453	**0.55**	613,453	0.55
	Clean Wind Power (Manvi) Private Limited of Rs. 10 each (Refer Note 13.2)	24,000	**0.02**	-	-
	Total Trade Investments	-	**0.57**	-	**0.55**
	Details of Trade Investments				
13.1	**Aggregate value of Investments**	-	-	-	-
	Unquoted at Cost		**0.57**		**0.55**

13.2 Acquired during the year. The company has entered into Power Purchase Agreement (PPA) for a period of 12 years. In terms of the PPA, transfer of shares in this company is restricted subject to approval of the Board of the Investee Company.

(₹ in Crores)

	Particulars	As at 31 Mar 2016	As at 31 Mar 2015
14	**Long Term Loans and Advances**		
	Unsecured, considered good, unless otherwise stated		
	Capital Advances	**0.13**	1.20
	Security Deposits	**4.56**	3.84
	Loans and advances to related parties	**-**	-
	Rent Deposits	**0.50**	0.09
	Other loans and advances		
	Advance Income Tax	**54.39**	52.47
	Less : Provision for Income Tax	**(45.39)**	(45.39)
		9.00	7.08
	Taxes paid in advance		
	Customs Duty receivable	**0.02**	0.01
	Service Tax receivable	**-**	0.02
	Sales Tax receivable	**0.01**	0.01
	Sales Tax paid under protest	**0.25**	0.25
	Other Advances		
	Considered Good	**0.24**	1.53
	Considered Doubtful	**0.14**	0.05
	Less: Provision for doubtful advances	**(0.14)**	(0.05)
		0.24	1.53
		14.71	**14.03**

(₹ in Crores)

	Particulars	As at 31 Mar 2016	As at 31 Mar 2015
15	**Inventories**		
	Valued at Lower of Cost or Realisable value		
	Raw Materials	**9.62**	11.51
	Raw Material-Goods in Transit	**2.69**	4.33
	Work in Progress	**9.87**	10.74
	Finished Goods	**7.58**	16.27
	Finished Goods-Goods in Transit	**6.44**	4.95
	Stock in Trade	**1.78**	2.12
	Stores and Spares	**9.23**	9.43
	Stores and Spares-Goods in Transit	**-**	0.10
		47.21	**59.45**
16	**Trade Receivables**		
	Unsecured		
	Over six months		
	Considered good	**-**	-
	Considered doubtful	**0.33**	0.59
	Others		
	Considered good (Refer Note. No.16.1)	**60.29**	68.10
	Considered doubtful	**0.89**	0.53
		61.51	69.22
	Less:- Provision for Doubtful Trade receivables	**(1.22)**	(1.12)
		60.29	**68.10**
16.1	**Trade Receivables - considered good includes due from related parties of ₹ 1.51 (₹ 1.71 Crores)**		
17	**Cash and Bank balances**		
	Cash and cash equivalents		
	Balance with banks		
	In Current Accounts	**0.27**	0.63
	In Deposit Accounts	**1.00**	1.13
	Cash on hand	**0.08**	0.08
	Earmarked balances with banks		
	Unpaid Dividend accounts	**0.27**	0.29
	Unpaid Interest warrant accounts	**0.01**	0.01
	Unpaid REVL Fractional Shares accounts	**0.01**	
	Bank deposits with more than 12 months maturity	**-**	-
		1.64	**2.14**

(₹ in Crores)

	Particulars	Year ended 31 Mar 2016	Year ended 31 Mar 2015
18	**Short Term Loans and Advances**		
	Unsecured, considered good, unless otherwise stated		
	Loans and Advances to Related Parties	**-**	1.25
	Loans and Advances to Employees	**0.27**	0.26
	Prepaid expenses	**1.34**	1.63
	Balance with government authorities		
	Customs and Excise	**5.58**	6.58
	Value added tax	**(0.01)**	0.28
	Others	**-**	-
		5.57	6.86
	Other Advances	**2.18**	5.09
		9.36	15.09
19	**Other Current Assets**		
	Unamortised Borrowing Cost	**0.18**	0.30
	Interest accrued on Deposits	**0.30**	0.20
	Accrued gain on Forward contracts	**0.11**	0.26
	Insurance Claims Receivable	**0.46**	0.02
	Export Benefits Receivable	**3.35**	1.57
	Assets Held for Sale	**0.01**	0.06
		4.41	2.41
20	**Contingent Liabilities and Commitments**		
20.1	**Contingent Liabilities**		
	Claims against the company not acknowledged as debt		
	Labour Disputes	**0.16**	0.16
	Income Tax	**4.27**	3.93
	Other Liabilities	**0.88**	0.85
	Guarantees & Letter of Credits issued by the Banks	**3.50**	4.29
	Liability on bills discounted with banks	**3.66**	4.34
	Other money for which the company is contingently liable	**-**	-
		12.47	13.57
	Based on the facts presently known, the Managment believes that the results of these actions will not have material impact on the company's financial statements.		
20.2	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**2.61**	3.95
20.3	**Other commitments**		
20.3.1	The levies and costs in connection with mutating / substituting the title in the revenue records pertaining to the immovable properties that stand vested with the Company pursuant to the merger, would be added to the cost of such properties upon actual payment.		

(₹ in Crores)

	Particulars	Year ended 31 Mar 2016	Year ended 31 Mar 2015
21	**Revenue from Operations**		
	Sale of products (Refer Note No. 21.1)	**374.87**	418.21
	Less : Excise duty	**32.43**	30.64
		342.44	387.57
	Other operating revenues (Refer Note No.21.2)	**7.61**	8.32
	Less : Excise duty	**0.45**	0.71
		7.16	7.61
	Sale of services	**-**	-
		349.60	395.18
21.1	**Sale of Products Comprises :**		
	Manufactured Goods		
	Valves	**330.19**	367.92
	Guides	**18.50**	20.05
	Tappets	**9.65**	10.76
	Total	**358.34**	398.73
	Traded Goods		
	Valves	**13.67**	17.12
	Guides	**-**	-
	Piston Assembly	**2.60**	2.08
	Valve Seat Insert	**-**	0.03
	Valve Stem Seal	**0.26**	0.25
	Total	**16.53**	19.48
	Grand Total	**374.87**	418.21
21.2	**Other Operating Revenue Comprises:**		
	Sale of Materials	**0.74**	2.09
	Sale of Scrap	**2.87**	3.68
	Export Incentive Receipts	**4.00**	2.55
		7.61	8.32
22	**Other Income**		
	Interest Income	**0.38**	0.63
	Exchange Gain (Net) - Other than considered under Finance Costs	**0.58**	1.65
	Profit on Sale of Assets	**0.27**	0.48
	Provision no longer required and balances written back	**0.85**	1.17
	Other non-operating income - Net	**0.87**	0.12
		2.95	4.05

(₹ in Crores)

	Particualrs	Year ended 31 Mar 2016	Period ended 31 Mar 2015
23	**Cost of Raw Materials Consumed (Refer Note No.23.1 and 29.1)**		
	Opening Stock	**15.84**	3.98
	Add : Pursuant to Merger	**-**	7.70
	Add : Purchases	**115.27**	140.91
	Less : Closing Stock	**12.31**	15.84
	Cost of Materials Consumed	**118.80**	136.75
23.1	**Materials consumed comprises:**		
	Alloy steel	**98.80**	109.57
	Hardfacing materials	**7.21**	10.03
	Guide castings	**3.20**	5.05
	Others	**9.59**	12.10
		118.80	136.75
24	**Purchase of Traded goods**		
	Valves	**5.85**	7.90
	Guide	**-**	-
	Piston Assembly	**1.38**	1.34
	Valve Seat Insert	**-**	-
	Valve Stem Seal	**0.10**	0.09
		7.33	9.33
25	**Changes in inventories**		
	Inventories at the beginning of the year:		
	Finished goods	**21.22**	13.76
	Work-in-progress	**10.74**	7.02
	Stock-in-Trade	**2.12**	1.65
		34.08	22.43
	Add: Additions persuant to merger:		
	Finished goods	**-**	3.46
	Work-in-progress	**-**	2.47
	Stock-in-Trade	**-**	-
		-	5.93
	Less: Inventories at the end of the year:		
	Finished goods	**14.02**	21.22
	Work-in-progress	**9.87**	10.74
	Stock-in-Trade	**1.78**	2.12
		25.67	34.08
	Net (increase) / decrease	**8.41**	(5.72)

(₹ in Crores)

	Particualrs	Year ended 31 Mar 2016	Period ended 31 Mar 2015
26	**Employee Benefits Expense**		
	Salaries and Wages	**75.78**	73.85
	Contributions to -		
	Provident and other Funds	**4.10**	4.68
	Superannuation scheme	**0.44**	0.52
	Gratuity fund	**2.23**	1.95
	Staff welfare expenses	**12.83**	14.25
	Voluntary Retirement Scheme Compensation (Refer Note No.41.2)	**-**	0.33
		95.38	95.58
27	**Finance Costs**		
	Interest expense	**12.92**	17.41
	Other borrowing costs	**0.29**	0.69
	Net (gain) / loss on foreign currency transactions and translation	**1.01**	0.85
		14.22	18.95
	Less : Borrowing Cost Capitalised	**-**	0.47
		14.22	18.48
28	**Other Expenses**		
	Stores and Tools consumed	**23.11**	26.02
	Power and Fuel	**22.12**	25.18
	Trade Mark Fees	**1.80**	1.71
	Repairs and Maintenance		
	Plant and Machinery	**9.55**	12.37
	Buildings	**0.24**	0.37
	Others	**0.86**	1.25
	Job work Expenses	**14.39**	15.23
	Rent	**0.88**	0.41
	Insurance	**1.41**	1.48
	Rates and Taxes	**1.02**	1.05
	Travelling and Conveyance	**4.27**	4.94
	Professional and legal expenses	**6.57**	7.41
	Data Processing and Maintenance expenses	**2.72**	2.23
	Service Contract Expenses	**5.21**	5.19
	Administrative Expenses	**2.13**	2.17
	Selling and Distribution Expenses		
	Freight Outwards		
	Packing and Forwarding	**10.94**	12.15
	Advertisement and Sales Promotion	**0.82**	0.84
	Commission and Discount	**5.17**	6.14
	Bad Debts Written off	**0.00**	0.03
	Less: Provision available	**-**	(0.03)
	Provision for Doubtful debts	**0.10**	0.36
	Quality Cost	**0.48**	0.14
	Directors' Sitting Fees	**0.10**	0.15
	Audit Fees (Refer Note No.28.1)	**0.21**	0.27

(₹ in Crores)

Particualrs	Year ended 31 Mar 2016	Period ended 31 Mar 2015
Loss on Sale of Assets	**0.00**	0.02
Assets Written Off / Provision for Retirement of Assets	**1.05**	1.69
Stocks Written Off	**0.29**	-
Provision for Doubtful Advance	**0.09**	0.05
Exchange Loss (Net) - Other than considered under Finance Costs	**-**	-
Bank Charges	**0.54**	0.54
Excise Duty adjustment on Inc / (Dec) of Finished Goods	**(0.06)**	0.14
Donations	**0.01**	0.07
	116.02	129.57
28.1 Auditors' Remuneration		
a. as auditors - statutory audit	**0.12**	0.12
b. for taxation matters	**0.03**	0.07
c. for company law matters	**0.00**	0.00
d. for management services	**-**	-
e. for other services	**0.05**	0.08
	0.20	0.27
28.1.1 The above figure includes ₹ 0.00 Crores (₹ 0.07 Crores) paid to the auditors of Transferor Company (Kar Mobiles Limited).		
29.1 Raw Materials Consumed		
Imported	**54.37**	62.91
Imported % to total	**45.77%**	46.00%
Indigenous	**64.43**	73.84
Indigenous % to total	**54.23%**	54.00%
Total	**118.80**	136.75
Total %	**100.00%**	100.00%
29.2 Stores and Spare Parts Consumed		
Imported	**0.42**	0.68
Imported % to total	**1.82%**	2.61%
Indigenous	**22.69**	25.34
Indigenous % to total	**98.18%**	97.39%
Total	**23.11**	26.02
Total %	**100.00%**	100.00%
30.1 CIF Value of Imports		
Raw materials	**24.33**	31.53
Components and spare parts	**0.42**	0.67
Capital goods	**0.58**	1.58
30.2 Expenditure in foreign currency		
Professional and consultation fees	**1.04**	1.18
Finance Cost	**1.86**	3.20
Marketing Service Fees	**0.60**	0.60
Job Charges / Segregation Charges	**1.31**	0.44
Commission	**0.03**	0.40
Foreign Travel	**0.12**	0.10
Others	**-**	0.17
30.3 Earnings in Foreign Currency		
I. Export of goods calculated on F.O.B. basis	**98.18**	113.95

31 Related party Disclosures

List of related parties where control exists

Holding company	:	Rane Holdings Limited (RHL)
Fellow Subsidiaries	:	Rane (Madras) Limited (RML) Rane Brake Lining Limited (RBL) Rane Holding America Inc (RHAI)
Enterprises over which KMP / Relative of KMP exercise significant influence	:	Rane Foundation (RF) Rane TRW Steering Systems Private Limited (RTSS) RT Automotive Systems Private Limited
Key Management Personnel	:	Mr L Ganesh - Chairman and Managing Director
Relative of Key Management Personnel	:	1. Mr. L Lakshman 2. Mr. L Ganesh (HUF) 3. Mrs. Meenakshi Ganesh 4. Mrs. Aparna Ganesh 5. Mr. Aditya Ganesh 6. Mrs. Hema C Kumar 7. Mrs. Vanaja Aghoram 8. Mrs. Shanthi Narayan
Other Related parties (under common control of Holding Company)	:	SasMos HET Technology Limited (SHTL) Rane TRW Steering Systems Private Limited (RTSSPL) Rane NSK Steering Systems Private Limited (RNSSPL) Rane (Madras) International Holdings B.V (RMH) Rane Precision Diecasting Inc. (RPDC)

The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the company.

(₹ in Crores)

Description	Holding Company		Fellow Subsidiary		Enterprises over which KMP / Relative of KMP exercise significant influence		Key Mangement Personnel		Relatives of Key Management Personnel		Total	
Material transactions during the year	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Interest Paid on Fixed Deposits	-	-	-	-	-	-	0.01	0.01	0.08	0.13	0.09	0.14
Sitting fee	-	-	-	-	-	-	-	0.01	0.02	0.02	0.02	0.03
Remuneration Paid	-	-	-	-	-	-	-	-	-	-	-	-
Trade Mark Fees Paid	1.81	1.71	-	-	-	-	-	-	-	-	1.81	1.71
Reimbursement of Expenses Cr / (Dr)												
- RHL	0.02	0.07	-	-	-	-	-	-	-	-	0.02	0.07
- RML	-	-	(0.10)	(0.13)	-	-	-	-	-	-	(0.10)	(0.13)
Sale of Valve												
- RML	-	-	14.86	10.12	-	-	-	-	-	-	14.86	10.12
Services Received												
- RHL	4.85	4.53	-	-	-	-	-	-	-	-	4.85	4.53
- RHAI	-	-	0.62	0.60	-	-	-	-	-	-	0.62	0.60
Sale of Assets												
- RML	-	-	-	0.02	-	-	-	-	-	-	-	0.02
- RF	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Fixed Deposits Accepted / (Repaid)	-	-	-	-	-	-	-	(0.01)	(0.73)	(0.23)	(0.73)	(0.24)
Donations - RF	-	-	-	-	-	0.07	-	-	-	-	-	0.07
Loans granted / (Repaid) during the year	-	-	-	-	(1.25)	(0.25)	-	-	-	-	(1.25)	(0.25)
Balance at the year end												
Amount Payable - Trade												
- RHL	0.94	1.01	-	-	-	-	-	-	-	-	0.94	1.01
- RML	-	-	-	-	-	-	-	-	-	-	-	-
- RHAI	-	-	0.02	0.10	-	-	-	-	-	-	0.02	0.10
Amount Receivable - Trade												
- RHL	-	-	-	-	-	-	-	-	-	-	-	-
- RML	-	-	1.16	1.12	-	-	-	-	-	-	1.16	1.12
- RHAI	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Deposits Outstanding	-	-	-	-	-	-	0.05	0.05	0.40	1.18	0.45	1.23
Loans outstanding - RF	-	-	-	-	-	1.25	-	-	-	-	-	1.25

32 Employee Benefits

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

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

(₹ in Crores)

	Particulars	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
		Gratuity	Gratuity	Leave Salary	Leave Salary
A	Net Asset / (liability) recognised in the Balance Sheet as at March 31, 2016				
	Present value of the Defined Benefit Obligation	**14.63**	17.80	**5.42**	5.40
	Fair Value of plan assets	**11.08**	11.65	**-**	-
	Net Asset / (Liability) recognised in the Balance Sheet	**(3.55)**	(6.15)	**(5.42)**	(5.40)
B	Expenses recognised in the statement of Profit and Loss Account for the year ended March 31, 2016				
	Current service cost	**1.11**	2.31	**0.81**	0.74
	Contribution from other funds	**(0.24)**	(0.10)	**-**	-
	Interest cost	**1.16**	1.30	**0.30**	0.34
	Expected return on plan assets	**(0.92)**	(0.96)	**-**	-
	Net actuarial (gain)/loss recognised during the year	**1.12**	(0.55)	**1.98**	1.52
	Expense / (Income) recognised in Profit and Loss Account	**2.23**	2.00	**3.09**	2.60
C	Change in Defined Benefit obligation during the year ended March 31, 2016				
	Present value of Defined Benefit obligation as at April 1, 2015	**17.80**	8.56	**5.40**	3.20
	Present value of Defined Benefit obligation on account of Merger	**-**	8.98		
	Current service cost	**1.11**	2.31	**0.81**	0.74
	Interest cost	**1.16**	1.30	**0.30**	0.34
	Benefits paid	**(6.54)**	(2.74)	**(3.08)**	(2.20)
	Actuarial (gain) / loss on obligation	**1.10**	(0.61)	**1.99**	1.52
	Present value of obligation as at March 31, 2016	**14.63**	17.80	**5.42**	3.60
D	Changes in Fair value of Asset during the year ended March 31, 2016				
	Fair value of plan assets as at April 1, 2015	**11.62**	6.53	**-**	-
	Fair value of plan assets on account of Merger	**-**	4.35		
	Expected return on plan assets	**0.92**	0.96	**-**	-
	Contributions made	**4.85**	2.43	**3.08**	2.20
	Contributions - Transfer from other funds	**0.24**	0.10	**-**	-
	Benefits paid	**(6.54)**	(2.74)	**(3.08)**	(2.20)

(₹ in Crores)

	Particulars	31 Mar 2016 Gratuity	31 Mar 2015 Gratuity	31 Mar 2016 Leave Salary	31 Mar 2015 Leave Salary
	Actuarial gain / (loss) on plan assets	**(0.03)**	0.02	**-**	-
	Fair value of plan assets as at March 31, 2016	**11.06**	11.65	**-**	-
E	Actual return on plan assets for the year ended March 31, 2016				
	Expected return on plan assets	**0.92**	0.96	**-**	-
	Actuarial gain / (loss) on plan assets	**(0.03)**	0.02	**-**	-
	Actual Return on plan assets	**0.89**	0.98	**-**	-
F	Actuarial Assumptions				
	Discount rate	**8.00%**	8.00%	**9.10%**	9.10%
	Expected rate of return on plan assets	**8.35%**	8.85%	**-**	-
	Rate of increase in compensation levels	**4.50% / 7.0%**	4.50% / 7.0%	**4.50% / 7.0%**	4.50% / 7.0%

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

33 Derivative Instrument and hedge accounting

As per Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", the Company has provided for the effective portion amounting to ₹ Nil Crores (₹ 0.03 Crores) of the changes in the fair values of forward contracts and options designated as cash flow hedges directly in 'Hedge Reserve Account' being part of the shareholders' funds the changes in fair value relating to the ineffective portion amounting to ₹ 0.11 Crores (₹ 0.23 Crores) of the cash flow hedges and forward contracts / options are recognised in the profit and loss account.

34 Derivative Instrument and Unhedged Foreign Currency Exposure

S.No	Purpose	Nature	Currency	31 Mar 2016 FCY Amount in Crores	31 Mar 2015 FCY Amount in Crores	31 Mar 2016 ₹ in Crores	31 Mar 2015 ₹ in Crores
1	**Forward Currency Swap**						
	ECB Loan taken in USD 3,250,000 and swapped against INR	Cross Currency Swap	INR	-	0.02	-	1.10
	ECB Loan taken in USD 5,000,000 and swapped against INR	Cross Currency Swap	INR	0.04	0.18	1.58	7.88
	ECB Loan taken in USD 5,000,000 and swapped against INR	Cross Currency Swap	INR	0.16	0.28	8.31	14.96
	ECB Loan taken in USD 1,900,000 and swapped against INR	Cross Currency Swap	INR	-	0.05	-	2.15
2	Payable in USD	Currency Swap	INR	0.18	0.27	11.87	17.11
	Receivable in USD	Currency Swap	INR	0.09	0.30	5.96	18.77
	Receivable in EURO	Currency Swap	INR	0.01	0.02	0.90	1.49
	Receivable in AUD	Currency Swap	INR	-	-	-	-
3	Receivable in USD	Currency Options	INR	-	-	-	-
	Receivable in EURO	Currency Options	INR	-	-	-	-
4	**Unhedged Foreign Currency**						
a)	PCFC Loan in USD		USD	0.07	0.09	4.90	5.43
b)	PCFC Loan in EURO		EURO	-	-	-	-
	Buyer's Credit in USD		USD	-	-	-	-
c)	Outstanding Debtors		USD	0.16	0.38	9.36	24.11
			EURO	0.01	0.03	1.12	2.15
			GBP	-	0.00	0.03	0.02
			AUD	-	-	-	-
			JPY	-	-	-	-
	EEFC balance in USD		USD	0.02	0.00	0.01	0.00
d)	Outstanding Creditors - Goods		USD	0.03	0.09	2.18	5.29
			AUD	-	-	-	-
			EURO	-	0.00	0.02	0.03
			GBP	-	0.00	0.01	0.01
			SGD	-	-	-	-
			JPY	-	1.93	-	1.00
e)	Outstanding Creditors - Expenses		USD	-	0.01	-	0.39
			EURO	-	0.00	0.29	0.19
			AUD	-	-	-	-

35 Segment Reporting

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

36	**Earnings Per Share**	**31 Mar 2016**	31 Mar 2015
	Profit after Tax (₹ Crores) (A)	**(12.54)**	23.48
	Number of equity shares of ₹ 10 each at the beginning of the year	**6,718,992**	5,150,992
	Add: Equity Shares pending allotment to KML Shareholders pursuant to Merger	**-**	1,568,000
	Number of equity shares of ₹ 10 each at the end of the year (B)	**6,718,992**	6,718,992
	Earnings Per Share Basic - in ₹	**(18.67)**	34.94
	Earnings Per Share Diluted - in ₹	**(18.67)**	34.94

37 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the company. There is no applicability u/s.135(1) to make contribution.

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

39 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31, 2016.

40 Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹ 1.53 Crores (Previous Year ₹ 1.20 Crores).

41 Exceptional Item represents

41.1 Profit on sale of company's part land in Alandur, Chennai amounts to ₹ 27.54 Crores (net of selling expenses of ₹ 0.21 Crores) (Previous Year ₹ 44.58 Crores) (net of selling expenses of ₹ 0.41 Crores).

41.2 Voluntary Retirement Scheme (VRS) expenditure in the nature of employee benefits paid to employees opted for VRS amounts to ₹ 10.05 Crores (Previous Year ₹ Nil Crores).

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

	Particulars	**31 Mar 2016 ₹ in Crores**	31 Mar 2015 ₹ in Crores
a)	Principal amount due	**1.00**	0.08
	Interest due on the above	**0.00**	0.00
b)	Interest paid during the period beyond the appointed day	**0.01**	0.01
c)	Amount of payment made to the supplier beyond the appointed day during the accounting year	**3.42**	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	**0.02**	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.		

43 During the year, the application for renewal for Consent For Operations (CFO) under the pollution control regulations in one of the manufacturing plants located in the State of Telangana has been returned by the regulatory authority citing that industries located in the specified area were not issued CFO in the light of G.O.Ms.No.111 dated 08.03.1996. However, the company is of the opinion that this does not impact the going concern status of the Company and its future operations. The company has examined the matter and taken appropriate action to present its case that it is neither a polluting nor a potentially polluting industry before the pollution control authorities.

44 Long Term Settlement (LTS) with the workmen unions in the case of two of its plants had expired during the year and the new agreements are pending since these matters are being discussed. Hence, the company has made suitable provisions in the financial statements based on its estimates of the expenditure. The company believes that the provision made is sufficient to discharge the liability.

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

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

As per our report of even date attached

For **BRAHMAYYA & CO.,**

Chartered Accountants
Firm Registration No. 000511S

P.S. KUMAR
Partner
Membership No. 15590

CHENNAI
May 19, 2016

For and on behalf of the Board

HARISH LAKSHMAN
Vice Chairman

L.GANESH
Chairman & Managing Director

P. GUHANANTHAM
Company Secretary

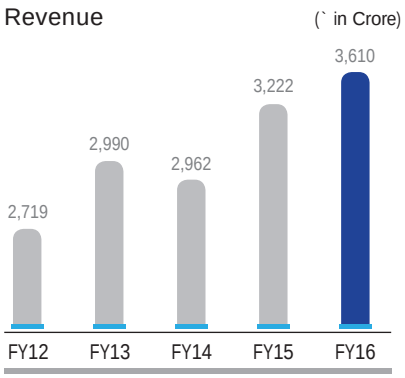
B. SURESH KUMAR
Chief Financial Officer

Our Parent Company
Rane Holdings Limited

Spanning a rich experience of eight decades, Rane group is amongst preferred suppliers, engaged mainly in manufacturing of auto components, to major OEMs in India and across the globe.

Through its 24 strategically located plants across India and USA, Rane group commands a sizable business in the replacement segment catering to well-diversified clientele in the automobile industry including Passenger Car, Light Commercial Vehicle, Medium & Heavy Commercial Vehicle, Two-wheeler, Three-wheeler, Multi Utility Vehicle and Farm Tractor.

Rane Holdings has an exposure in non-automotive portfolio for aerospace and defence via an associate company. Rane group maintains its operational excellence through total quality management (TQM), which is reflected by three Deming Grand Prizes and four Deming Prizes bestowed upon its group companies.



Subsidiaries
Rane (Madras) Ltd. - Rane (Madras) International Holdings B.V., The Netherlands • Rane Precision Die Casting Inc., USA
Rane Engine Valve Ltd.
Rane Brake Lining Ltd.
Rane Holdings America Inc., USA

Joint Ventures
Rane TRW Steering Systems Pvt. Ltd.
Rane NSK Steering Systems Pvt. Ltd.
JMA Rane Marketing Ltd.

Associate
SasMos HET Technologies Ltd.



Expanding Horizons

Rane Engine Valve Limited
CIN: L74999TN1972PLC006127
"Maithri", 132, Cathedral Road,
Chennai-600086, India
Phone: +91 44 28112472 / 73
Fax: +91 44 28112449
www.rane.co.in

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