



Rane Brake Lining Limited

9th ANNUAL REPORT 2014

Rane Brake Lining Limited

Board of Directors

L GANESH

Chairman

L LAKSHMAN

S A MURALI PRASAD

ANIL KUMAR V EPUR

S SANDILYA

HARISH LAKSHMAN

S C GUPTA

KAZUHIRO IWATA

(Nominee of Nisshinbo Holdings Inc., Japan)

Audit Committee

S SANDILYA

Chairman

S A MURALI PRASAD

L GANESH

S C GUPTA

Stakeholders' Relationship Committee

HARISH LAKSHMAN

Chairman

ANIL KUMAR V EPUR

L GANESH

President

P S RAO

General Manager - Finance

M A P SRIDHAR KUMAR

Secretary

G KARTHIKEYAN

Auditors

VARMA & VARMA

Chartered Accountants

105, "Sreela Terrace" First Main Road

Gandhi Nagar, Adyar,

Chennai - 600 020

Cost Auditors

STR & ASSOCIATES

Cost Accountants

'Vignesh Villa' A-3, III Floor

No.56, 7th Avenue

Ashok Nagar

Chennai 600 083

Listing of Shares with

BSE Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

The Madras Stock Exchange Limited, Chennai

Bankers

HDFC Bank Limited

IDBI Bank Limited

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation

State Bank of India

YES Bank Limited

Registered Office

"MAITHRI",

132, Cathedral Road

Chennai 600 086

Phone : 044-28112472

Fax : 044-28112449

Email : investorservices@rane.co.in

Plants

- 1) Plot No. 30, Industrial Estate
Ambattur, Chennai 600 058
Tamil Nadu
- 2) Pregnapur Village
Gajwel Mandal
Siddipet Highway
Medak District 502 311
Andhra Pradesh
- 3) RS No. 48, 49 & 50, Sanyasikuppam Village
Mannadipet Commune
Thirubhuvanai Post
Puducherry 605 107
- 4) Sethurapatti Village
Fathima Nagar Post
Srirangam Taluk
Trichy - 620 012
Tamil Nadu

Registrar and Transfer Agents

Integrated Enterprises (India) Limited

II Floor, "Kences Towers",

No 1 Ramakrishna Street

North Usman Road,

T Nagar, Chennai 600 017

Ph: 044-28140801-03

E-mail: corpserv@integratedindia.in

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FINANCIAL HIGHLIGHTS

KEY PERFORMANCE INDICATORS

FINANCIAL YEAR	UOM*	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Return on Capital Employed (ROCE)	%	10.91	7.65	13.92	15.00	13.46	6.47	7.53
Return on Networth (RONW)	%	16.07	9.16	17.65	18.76	14.12	4.43	9.91
Earnings Per Share (EPS)	Rs.	21.76	11.50	20.45	19.31	12.78	4.01	12.39
Dividend	%	75	40	70	50	45	20	40
Book Value Per Share	Rs.	141.84	128.88	122.03	109.72	96.50	92.49	88.38

* Unit of Measurement

OPERATIONAL PERFORMANCE

(Rupees in Crores)

FINANCIAL YEAR	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Total Income	386.51	379.68	363.52	308.32	237.68	193.15	184.27
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	42.61	36.08	43.76	36.49	30.20	21.25	23.29
Profit Before Tax (PBT)	16.73	10.92	21.90	19.67	14.93	4.32	11.19
Profit After Tax (PAT)	17.21	9.10	16.19	15.29	10.09	2.89	8.94

BALANCE SHEET SUMMARY**

(Rupees in Crores)

FINANCIAL YEAR	2013-14	2012-13	2011-12	2010-11
Equity Share Capital	7.91	7.91	7.91	7.91
Shareholders' funds	112.26	102.01	96.59	86.84
Non current Liabilities	39.16	56.63	59.55	46.79
Current Liabilities	116.51	102.87	95.60	73.22
Non current assets	143.14	148.44	132.28	115.14
Current assets	124.81	113.07	119.46	91.71

** pertains to revised Schedule VI applicable years only

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Ninth Annual General Meeting (AGM)** of Rane Brake Lining Limited will be held at 10.15. a.m. on **Tuesday, July 22, 2014** at **The Music Academy (Mini Hall)**, New No.168, TTK Road, Royapettah, Chennai 600 014 to transact following businesses: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the directors' report, the audited financial statement of the Company for the year ended March 31, 2014 and the auditors' report thereon.

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

"Resolved that the audited financial statement of the Company for the year ended March 31, 2014 including balance sheet as at March 31, 2014, the profit and loss Account for the year ended March 31, 2014 together with the reports of the directors and the auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To declare dividend on equity shares.

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

"Resolved that dividend of Rs. 7.50 per equity share of Rs.10/- each on 79,14,980 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2014, absorbing an amount of Rs.6,94,50,981 (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear in the Company's register of members as on **July 22, 2014** and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on **July 11, 2014** as per the details furnished by the depositories for this purpose."

3. To appoint a director in the place of Mr. Harish Lakshman, who retire by rotation under Article 111 & 113 of the articles of association of the Company and being eligible offers himself for re-election.

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

"Resolved that Mr. Harish Lakshman (DIN 00012602), who retires by rotation and being

eligible for re-appointment, be and is hereby re-appointed as a director of the Company."

4. To appoint auditors of the Company and to determine their remuneration. The retiring auditors M/s. Varma & Varma, Chartered Accountants, are eligible for re-appointment. The declaration to the effect that their appointment, if made, would be within the limits and that they are free from any disqualification specified in section 141 of the Companies Act, 2013, and the rules made thereunder, has been received from them.

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

"Resolved that M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 04532S with The Institute of Chartered Accountants of India), be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this ninth AGM until the conclusion of the twelfth AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

Special Business:

5. To appoint Mr. Kazuhiro Iwata, as a director, liable to retire by rotation

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

"Resolved that Mr. Kazuhiro Iwata (DIN 06875329), who holds office as an additional director of the Company up to the date of this Annual General Meeting, be and is hereby appointed as director of the Company, whose period of office shall be subject to retirement by rotation".

6. To appoint Mr. S Sandilya, director, as an independent director

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

"Resolved that pursuant to the provisions of sections 149, 150, 152 read with Schedule IV and any other

applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. S Sandilya (DIN 00037542), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of the ninth annual general meeting till the conclusion of the twelfth annual general meeting.”

7. To appoint Mr. S A Murali Prasad, director as an independent director

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

“Resolved that pursuant to the provisions of sections 149,150,152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. S A Murali Prasad (DIN 00001432), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of the ninth annual General Meeting till the conclusion of the twelfth annual general meeting.”

8. To appoint Mr. Anil Kumar V Epur, director, as an independent director

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

“Resolved that pursuant to the provisions of sections 149,150,152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Anil Kumar V Epur (DIN 00202454), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of the ninth annual general meeting till the conclusion of the twelfth annual general meeting.”

9. To appoint Mr. S C Gupta, director, as an independent director

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

“Resolved that pursuant to the provisions of sections 149,150,152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. S C Gupta (DIN 02085068), director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office with effect from the conclusion of the ninth annual general meeting till the conclusion of the twelfth annual general meeting.”

10. To Approve the borrowing powers of the board

To consider adoption of the following resolution, with or without modification(s), as **special resolution**:

“Resolved that in supersession of the ordinary resolution adopted at the fourth annual general meeting held on July 20, 2009 and pursuant to section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the board of directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business, shall not be in excess of Rs. 100 crores (Rupees one hundred crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

11. To approve re-appointment of Mr. P S Rao as ‘Manager’

To consider adoption of the following resolution, with or without modification(s), as **special resolution**:

“Resolved that in accordance with the provisions of sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time

Rane Brake Lining Limited

being in force), read with Schedule V to the Companies Act, 2013 (corresponding to sections 198, 269, 387 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), Mr. P S Rao, be and is hereby appointed as 'Manager' within the meaning of section 2(53) of the Companies Act 2013, with effect from April 1, 2014, in the designation of President, for a period of two years from April 1, 2014 upto March 31, 2016 or such other lesser periods as may be decided by the board of directors of the Company, on the following terms :

a) Salary:

In the scale of Rs. 2,40,000 to Rs. 3,50,000 per month. Annual increase will be effective 1st of April every year from April 1, 2014 onwards and the quantum will be decided by the board of directors.

b) Benefits, Perquisites and Allowances:

Benefits, perquisites and allowances as may be determined by the board of directors from time to time in accordance with the applicable scheme of the Company, subject to a maximum of 150% of the salary per annum.

The perquisites will be evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases.

c) Contribution to funds:

Company's contribution to provident fund and superannuation fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-tax Act.

d) Gratuity:

Gratuity payable shall be as per the rules of the Company.

e) Incentive remuneration:

Incentive remuneration of such sum be paid based on the merits to be determined by the board, provided that the total remuneration shall not exceed the limits prescribed under the Companies Act, 2013 including any re-enactments thereof or such other limits as may be prescribed by the government from time to time."

"Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Manager, he will be paid remuneration in terms of PART II of Schedule V to the Companies Act, 2013 including any re-enactments thereof or such other limit as may be prescribed by the government from time to time as minimum remuneration."

(By Order of the Board)

For **Rane Brake Lining Limited**

Chennai
May 21, 2014

G Karthikeyan
Secretary

NOTES:

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

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.
3. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business to be transacted at the AGM is annexed hereto.
4. The register of members of the Company will remain closed from Saturday, July 12, 2014 to Tuesday, July 22, 2014 (both days inclusive) for annual closing and determining the entitlement of shareholders to the dividend on equity shares for financial year 2013-14, if declared at the AGM.
5. Pursuant to the provisions of section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2007 and thereafter which remain unclaimed for seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the central government. The Company has sent reminders to all those members whose dividend payments during the last seven years remain unpaid as per Company records. Members are requested to contact the Company's Registrar and Transfer Agents (RTA), for payment in respect of the unclaimed dividend on or after the financial year 2006-07.
6. The notice of the ninth AGM along with the attendance slip and proxy form, is being sent by

electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) (DP) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

We encourage your participation and expect your support in this green initiative. To receive communications from the Company in electronic form, please register your e-mail address with your DP/ RTA.

7. Members may also note that the notice of the ninth AGM and the annual report 2014 will be available on the Company's website, www.rane.co.in.
8. Members holding shares in physical form are requested to notify any change in their addresses, bank details or e-mail addresses to RTA immediately at the following address:

M/s. Integrated Enterprises (India) Limited

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

Members holding shares in dematerialized form may inform the change in their addresses, bank details or e-mail addresses to their depository participants.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the RTA.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the RTA, for consolidation into a single folio.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.rane.co.in.
12. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

13. Relevant documents referred to in the accompanying notice and the explanatory statement pursuant to section 102 (1) of the Companies Act, 2013 will be available for inspection at the registered office of the Company during the business hours on all working days up to the date of AGM.
14. Information pursuant to clause 49 of the listing agreement with the stock exchanges in respect of the directors seeking appointment / re-appointment at the AGM are furnished and forms a part of the notice. The directors have furnished the requisite consents / declarations for their appointment / re-appointment.
15. In compliance with the provisions of section 108 of the Companies Act, 2013 and the Rules framed thereunder, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all resolutions set forth in this notice. In the event of poll at the AGM, members who have exercised their right to vote through e-voting, shall not be eligible to vote again at the meeting.

Members may note the following process and manner for e-voting :

- i. The e-voting period commences on Wednesday, July 16, 2014 (9.00 a.m. IST) and ends on Friday, July 18, 2014 (6.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date viz., June 20, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii. The voting rights of members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, June 20, 2014.
- iii. Mr. Balu Sridhar, practising company secretary (Membership No. FCS 5869) has been appointed as the scrutinizer to scrutinize the voting process in a fair and transparent manner.
- iv. The scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a

scrutinizer's report of the votes cast in favour or against, if any, forthwith to the chairman of the Company.

- v. The results declared along with the scrutinizer's report shall be placed on the Company's website www.rane.co.in and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the ninth AGM of the Company and communicated to the stock exchanges, where the shares of the Company are listed.

vi. instructions:

- a. **In case a member receives an e-mail from NSDL (for members whose e-mail addresses are registered with the Company/Depositories):**
 - i. Open the e-mail and also open PDF file viz; "RBLAGM2014.pdf" with your Client ID or Folio Number as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is the initial password
 - ii. Open the internet browser and type the following URL:
<https://www.evoting.nsdl.com/>
 - iii. Click on Shareholder - Login
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password change menu will appear on your screen. Change to a new password of your choice with minimum of 8 digits or characters or combination thereof. Note your new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
 - vii. Once the e-voting home page opens, click on e-Voting: Active Voting Cycles
 - viii. Select "EVEN" (E-Voting Event Number) of Rane Brake Lining Ltd.

Now you are ready for e-Voting as Cast Vote page opens.

- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.,) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution/ authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through e-mail: to

evoting@akjainassociates.com with a copy marked to evoting@nsdl.co.in.

- xiii. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for shareholders available at the downloads section of www.e-voting.nsdl.com

b. In case of members' receiving physical copy of the notice of AGM and desires to cast e-vote:

- i. Initial password is provided at the bottom of the Attendance Slip: EVEN (E-Voting Event Number), user ID and password
- ii. Please follow all steps from Sl. No. ii to Sl. No. xiii of (a) above, to cast vote.

(By Order of the Board)

For **Rane Brake Lining Limited**

G Karthikeyan
Secretary

Chennai
May 21, 2014

Registered Office:
"Maithri", 132, Cathedral Road,
Chennai 600 086.
CIN: L63011TN2004PLC054948
website: www.rane.co.in
E-mail: investorservices@rane.co.in

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

Resolution No. 5

The board of directors of your Company co-opted Mr. Kazuhiro Iwata on May 21, 2014 as an additional director. In terms of provisions of section 161(1) of the Companies Act, 2013, Mr. Kazuhiro Iwata would hold office upto the date of the ensuing AGM. Mr. Kazuhiro Iwata holds a degree in Bachelor of Business Science and has 32 years of industrial experience. At present he is the Chief Executive Officer of Nisshinbo Automotive Manufacturing Inc., USA and also in its board. He is also in the board of TMD Friction Group S.A.

In view of his knowledge and wide experience, the board of directors considers that the appointment of Mr. Kazuhiro Iwata on the board will be beneficial to the Company.

Mr. Kazuhiro Iwata is not disqualified from being appointed as a Director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

Copy of the draft letter for appointment of Mr. Kazuhiro Iwata as a director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. Kazuhiro Iwata is interested in the resolution as it relates to his own appointment. None of the other directors and Key Managerial Personnel (KMP) of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. Kazuhiro Iwata, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 6

Mr. S Sandilya joined the board of your company on February 6, 2008. The period of his office as a director is subject to retirement by rotation under the applicable

provisions of Companies Act 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the board proposes to appoint Mr. S Sandilya as an independent director for a period of three years commencing from the conclusion of the ninth AGM till the conclusion the twelfth AGM.

Mr. S Sandilya holds a Bachelor's degree in Commerce and Post Graduate Diploma in Business Administration from Indian Institute of Management (IIM), Ahmedabad. Mr. S Sandilya joined Eicher Group in 1975 and he is presently the non-executive chairman of Eicher Motors Limited since 2006. He has over 45 years of experience and has held various positions in different business units in Eicher Group and was responsible for group finance and strategic planning at the corporate office. He also served as the managing director of Eicher Motors Limited, the commercial vehicles business unit of the group till 1999 and also served as group chairman and CEO from the year 2000 to 2006.

Mr. S Sandilya is the chairman and independent director of Mastek Limited and in addition a member on the board of directors of reputed companies in the engineering and infrastructure sectors. He is also on the board of Mastek UK Limited.

Mr. S Sandilya is a director in Lean Management Institute of India. He is also the president of SOS Children's Villages of India, a non-profit organisation looking after children in need of care.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. S Sandilya on the board will be beneficial to the Company.

Mr. S Sandilya is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

The Company has received a declaration from Mr. S Sandilya that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the listing agreement.

In the opinion of the board, Mr. S Sandilya fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. S Sandilya is independent of the management.

Copy of the draft letter for appointment of Mr. S Sandilya as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. S Sandilya is interested in the resolution as it relates to his own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. S Sandilya, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 7

Mr. S A Murali Prasad joined the board of your Company on February 6, 2008. The period of his office as a director is subject to retirement by rotation under the applicable provisions of Companies Act, 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the board proposes to appoint Mr. S A Murali Prasad as an independent director for a period of three years commencing from the conclusion of the ninth AGM till the conclusion the Twelfth AGM.

Mr. S A Murali Prasad is a post graduate in Commerce, a qualified Cost Accountant and a Chartered Accountant. He served in a reputed company for more than a decade in various positions including as chief of finance before starting his professional practice from the year 1977. He is the founder director of Sam Consultancy Services Pvt. Ltd. which has been involved in rendering consultancy services to large and medium sized corporates in the areas of finance, cost management and information systems. He is also a practising cost accountant.

He has been a nominated member of the Accounting Standards Board and is currently a nominated member of the Cost Accounting Standards Board, Cost Audit and

Assurance Standards Board and in various committees of professional bodies and trade bodies.

Mr. S A Murali Prasad has served for more than 25 years as director on the boards of various companies engaged in manufacturing, financial services, property development and healthcare and has over 47 years of experience.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. S A Murali Prasad on the board will be beneficial to the Company.

Mr. S A Murali Prasad is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

The Company has received a declaration from Mr. S A Murali Prasad that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under clause 49 of the listing agreement.

In the opinion of the board, Mr. S A Murali Prasad fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. S A Murali Prasad is independent of the management.

Copy of the draft letter for appointment of Mr. S A Murali Prasad as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. S A Murali Prasad is interested in the resolution as it relates to his own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. S A Murali Prasad, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Rane Brake Lining Limited

Resolution No. 8

Mr. Anil Kumar V Epur joined the board of your company on February 6, 2008. The period of his office as a director is subject to retirement by rotation under the applicable provisions of Companies Act, 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the Board proposes to appoint Mr. Anil Kumar V Epur as an independent director for a period of three years commencing from the conclusion of the ninth AGM till the conclusion the Twelfth AGM.

Mr. Anil Kumar V Epur hold Bachelors and Masters degrees in electronics engineering and is a management graduate in finance & production from Cornell University, USA. He has over 38 years of experience. He is associated with the Confederation of Indian Industry (CII) and held various positions including as its southern regional chairman. He was also actively involved in various expert committees constituted by the government of Andhra Pradesh. He also founded the Confederation of Kisan Organizations (CKO) which helps the farmers to develop products with the latest technology and in marketing their products. He is also the president of Farm and Rural Science Foundation (FRSF) which is the largest association of agricultural scientists and academicians in Andhra Pradesh.

Mr. Anil Kumar V Epur is also the chairman of World Wide Fund for Nature (WWF), Andhra Pradesh. He is on various Andhra Pradesh government committees that deal with the environment, wildlife and livelihoods of Indigenous tribals.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. Anil Kumar V Epur on the board will be beneficial to the Company.

Mr. Anil Kumar V Epur is not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as a director.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

The Company has received a declaration from Mr. Anil Kumar V Epur that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under clause 49 of the listing agreement.

In the opinion of the board, Mr. Anil Kumar V Epur fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. Anil Kumar V Epur is independent of the management.

Copy of the draft letter for appointment of Mr. Anil Kumar V Epur as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the company.

This Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. Anil Kumar V Epur is interested in the resolution as it relates to his own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. Anil Kumar V Epur, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 9

Mr. S C Gupta joined the board of your company on March 24, 2008. The period of his office as a director is subject to retirement by rotation under the applicable provisions of Companies Act, 1956. In terms of section 149 of the Companies Act, 2013 and the rules made thereunder and clause 49 of the listing agreement, the board proposes to appoint Mr. S C Gupta as an independent director for a period of three years commencing from the conclusion of the ninth AGM till the conclusion the twelfth AGM.

Mr. S C Gupta holds a bachelor degree in engineering from The Birla Institute of Technology & Science (BITS, Pilani) and has over 46 years of experience in the field of planning, implementation and financial control of projects & technology. He worked in Indian railways for 38 years, where he held various positions. In his last position as a member to the electrical railway board, ex-officio secretary to the government of India, he was responsible for improving operational efficiency, productivity and safety on Indian railways.

In view of his knowledge and wide experience, the board of directors considers that the continuance of Mr. S C Gupta on the board will be beneficial to the Company.

Mr. S C Gupta is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a director.

The Company has received notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a member signifying the intention to propose his candidature to the office of director of the Company.

The Company has received a declaration from Mr. S C Gupta that he meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and under clause 49 of the listing agreement.

In the opinion of the board, Mr. S C Gupta fulfils the conditions for his appointment as an independent director as specified in the Companies Act, 2013 and the listing agreement. Mr. S C Gupta is independent of the management.

Copy of the draft letter for appointment of Mr. S C Gupta as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Mr. S C Gupta is interested in the resolution as it relates to his own appointment. None of the other directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Information about Mr. S C Gupta, in accordance with clause 49 IV of the listing agreement is attached.

Your directors commend the resolution for adoption.

Resolution No. 10

The shareholders of the Company at their fourth AGM held on July 20, 2009 approved by way of an ordinary resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings which shall not be in excess of Rs.100 crores.

Section 180(1)(c) of the Companies Act, 2013 which is effective from September 12, 2013 requires that the board of directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

Ministry of Corporate Affairs through the Circular no. 04/2014 dated March 25, 2014 clarified that the resolution passed under section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings and / or

creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year (i.e., 11.9.2014) from the date of notification of section 180 of the Companies Act, 2013.

Therefore, it is proposed to seek approval of members by way of special resolution under section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, to enable the board of directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of shareholders is being sought to borrow upto Rs. 100 crores over and above the aggregate of the paid up share capital and free reserves of the Company.

None of the directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Your directors commend the resolutions for adoption.

Resolution No.11

The Company is a subsidiary of Rane Holdings Limited under Section 2(87) (i) of the Companies Act, 2013. The Company is engaged in manufacture and sale of brake & clutch linings and railway brake blocks, all of which will fall under auto component industry. The financial performance of the Company for the year ended March 31, 2014 is given below:

Mr. P S Rao, President of the Company is re-appointed as 'Manager' for a period of two years from April 1, 2014 to March 31, 2016 on the terms of remuneration as detailed in the resolution.

As required under the provisions of Schedule V to the Companies Act, 2013, the following information is provided.

Particulars	2013-14 Rs. Crores
Sales & Operating Revenues	384.11
Profit Before Tax	16.73
Provision for Tax	(0.48)
Profit After Tax	17.21
Exports (FOB Value) during the year	26.33
Net Foreign Exchange Earnings	25.71

Nisshinbo Holdings Inc., Japan holds 20.15% of the equity share capital of the Company. The Company also has a technical collaboration with them for providing the formulation technology.

Rane Brake Lining Limited

Particulars :

Name	Mr. P S Rao	
Father's Name	Mr. P C Rao	
Date of Birth	September 20, 1952	
Educational Qualifications	B.E., M. Tech. - Metallurgical	
Date of Appointment	April 1, 2014	
Other Directorships	NIL	
Committee Memberships	Nil	
Experience	39 years	
Past Remuneration (for 2013-14)	Particulars	Rs. In Crores
	Salary	0.66
	Perquisites	0.01
	Contribution to Provident Fund, Pension Fund and Gratuity	0.09
	Total	0.76
Recognition / Awards	-	
Job Profile and his suitability	Overall management of the Company. Given his qualification and experience, Mr. P S Rao is considered well suited for the position.	
Comparative remuneration profile with respect to the industry	The proposed remuneration package of the appointee is in line with the prevailing remuneration package in the industry, size of the Company, profile of the position etc.	
Remuneration Proposed	Detailed in the resolution. The proposed remuneration is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.	

The Company has not made any default in repayment of its debt (including public deposits) or interest payable thereon during the preceding financial year viz., 2013-14.

Mr. P S Rao satisfies the conditions laid down in Schedule V to the Companies Act, 2013. He does not hold and has not held any security of the Company or the holding company viz., Rane Holdings Limited and is not having or has not held any interest, direct or indirect, in the Company or in the holding company.

Mr. P S Rao does not have any other pecuniary relationship with the Company and is not a director in the Company or the holding company. He is or not been related to any director, promoter or KMP of the Company and the holding company.

Copy of the draft letter for appointment of Mr. P S Rao as Manager setting out the terms and conditions is available for inspection by members at the registered office of the Company.

Mr. P S Rao, is interested in the resolution as it relates to his own appointment. None of the directors and other KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Your directors commend the resolutions for adoption.

(By Order of the Board)

For **Rane Brake Lining Limited**

Chennai
May 21, 2014

G Karthikeyan
Secretary

Information about director seeking appointment / re-appointment in this annual general meeting in respect of item Nos. 3, 5, 6, 7, 8 & 9 above (in accordance with clause 49 (IV) of the Listing Agreement)

Name of the Director	Mr. S Sandilya	Mr. S A Murali Prasad
Father's Name	Mr. S Srinivasan	Mr. S A Venkatarama Iyer
Date of Birth	April 11, 1948	September 27, 1941
Educational Qualifications	B.Com, M.B.A.	ACA, ACMA
Experience	Mr. Sandilya contributes his expertise in the policy and decision making of the Company. Mr. Sandilya has over 45 years of industrial experience	Mr. Murali Prasad provides consultancy services for large and medium-sized corporate. houses. He has over 47 years of experience.
Date of Appointment	February 6, 2008	February 6, 2008
Other Directorships	<p>Public Limited Company</p> <ol style="list-style-type: none"> 1. Eicher Motors Limited 2. Tube Investments of India Limited 3. Mastek Limited 4. GMR Infrastructure Limited <p>Foreign Company</p> <ol style="list-style-type: none"> 1. Mastek UK Limited <p>Section 8 Company</p> <ol style="list-style-type: none"> 1. Association of Indian Automobile Manufacturers 2. Lean Management Institute of India 	Sam Consultancy Services Private Limited
Committee Memberships	<p>Chairman - Audit Committee</p> <ol style="list-style-type: none"> 1. Rane Brake Lining Limited 2. Tube Investments of India Limited 3. Mastek Limited <p>Member - Audit Committee</p> <ol style="list-style-type: none"> 1. Eicher Motors Limited <p>Member - Shareholders & Investors' Grievance Committee</p> <ol style="list-style-type: none"> 1. Eicher Motors Limited <p>Member - Compensation Committee</p> <ol style="list-style-type: none"> 1. Eicher Motors Limited <p>Chairman - Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1. Rane Brake Lining Limited <p>Chairman - Compensation & Nomination Committee</p> <ol style="list-style-type: none"> 1. Mastek Limited <p>Member - Compensation & Nomination Committee</p> <ol style="list-style-type: none"> 1. Tube Investments of India Limited <p>Member - Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> 1. Tube Investments of India Limited 	<p>Member - Audit Committee</p> <ol style="list-style-type: none"> 1. Rane Brake Lining Limited <p>Member - Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> 1. Rane Brake Lining Limited
Number of shares held	NIL	NIL

Rane Brake Lining Limited

Name of the Director	Mr. Harish Lakshman	Mr. Kazuhiro Iwata
Father's Name	Mr. L Lakshman	Mr. Katsumi Yasukawa
Date of Birth	February 12, 1974	January 3, 1958
Educational Qualifications	B.E, MSM	Bachelor of Business Science
Experience	Mr. Harish Lakshman has 13 years of experience in his profession and currently he is managing director of Rane TRW Steering Systems Limited and looks after manufacturing activities of Rane group.	Mr. Kazuhiro Iwata has 32 years of Industrial experience.
Date of Appointment	July 22, 2008	May 21, 2014
Other Directorships	<ol style="list-style-type: none"> 1. Rane TRW Steering Systems Limited 2. Rane (Madras) Limited 3. Rane Holdings Limited 4. Rane Engine Valve Limited 5. Rane NSK Steering Systems Limited 6. JMA Rane Marketing Limited 7. SasMos HET Technologies Limited 8. Savithur Enterprises Private Limited 9. HL Hill Station Private Limited 10. Broadvision Perspectives India Private Limited 11. Broadvision Services Private Limited 12. Rane Holdings America Inc. 	<ol style="list-style-type: none"> 1. Nisshinbo Automotive Manufacturing Inc., USA 2. TMD Friction Group S.A.
Committee Memberships	<p>Chairman – Stakeholders' Relationship Committee</p> <p>Rane Brake Lining Limited Rane Holdings Limited</p> <p>Member – Stakeholders' Relationship Committee</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 	
Number of shares held	50	NIL

Rane Brake Lining Limited

Name of the Director	Mr. Anil Kumar V Epur	Mr. S C Gupta
Father's Name	Mr. E V Ram Reddy	Mr. Prem Narain
Date of Birth	November 17, 1948	April 5, 1945
Educational Qualifications	B.S. MEE and MBA – Cornell University, USA	B.Tech (Hons.)
Experience	Mr. Anil Kumar V Epur has over 38 years of industrial experience. He is associated with the Confederation of Indian Industry (CII) and held various positions including as its southern regional chairman. He was also actively involved in various expert committees constituted by the government of Andhra Pradesh.	Mr. S C Gupta was associated with the Indian railways and has over 46 years of industrial experience.
Date of Appointment	February 6, 2008	March 24, 2008
Other Directorships	1. Gati Kausar India Limited	-
Committee Memberships	Member – Stakeholders' Relationship Committee 1. Rane Brake Lining Limited	Member – Audit Committee 1. Rane Brake Lining Limited Member - Corporate Social Responsibility Committee 1. Rane Brake Lining Limited
Number of shares held	NIL	NIL

(By Order of the Board)
For Rane Brake Lining Limited

Chennai
May 21, 2014

G Karthikeyan
Secretary

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their ninth annual report together with the accounts for the year ended March 31, 2014. In terms of the clarification issued by the Ministry of Corporate Affairs (MCA) vide General Circular 08/ 2014 dated 04.04.2014 the financial statements and the directors report have been prepared in accordance with the disclosure requirements under the Companies Act, 1956 and the rules made thereunder.

1. Financial Performance:

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

(Rs. Crores)

Particulars	2013-14	2012-13
Sales and Operating Revenues	384.11	376.44
Other Income	2.40	3.24
Profit before tax	16.73	10.92
Provision for Tax	(0.48)	1.82
Profit after tax	17.21	9.10
Surplus brought forward	37.91	33.40
Profit available for appropriation	55.12	42.50

The Sales and Operating Revenues grew by 2%; The Profit Before Tax improved by 53% over the previous year.

Earnings per share for the year 2013-14 was Rs. 21.76 as against Rs.11.50 in the previous year.

2. Appropriation

Out of the profit available for appropriation of Rs. 55.12 crores, the directors have recommended a dividend of 75% for the year ended March 31, 2014. The total dividend amount inclusive of distribution tax and surcharge thereon would be Rs. 6.96 crores. After transfer of Rs. 1.72 crores to the General Reserve, Rs. 46.44 crores has been retained as surplus in the profit and loss account.

3. Management Discussion & Analysis

Your Company is engaged in the manufacturing and marketing of auto components for transportation industry viz., friction material (Brake Linings, Clutch Facings, Clutch Buttons, Disc Pads, Brake Shoes and Brake Blocks). A detailed analysis on the performance of the industry and the Company are

enumerated in the Management Discussion and Analysis report forming part of this report and annexed as Annexure 'A'.

4. Board of Directors

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

Mr. S A Murali Prasad, Mr. Anil Kumar V Epur, Mr. S Sandilya, and Mr. S C Gupta, independent directors on the Board, hold the office of director liable to retire by rotation, as per the resolution passed by the shareholders under the provisions of Companies Act, 1956. In terms of section 149 of the Companies Act, 2013, the independent directors are not liable to retire by rotation and can hold office for a consecutive tenure of five years. The Board has decided to re-appoint all the independent directors at the ensuing AGM as independent directors for a period of three years. All the independent directors have affirmed that they satisfy the criteria laid down under section 149 of the Companies Act, 2013 and clause 49 of the listing agreement.

M/s. Nisshinbo Holdings Inc., our foreign collaborators, has nominated Mr. Kazuhiro Iwata as a director in the place of Mr. Koji Nishihara. The Board of Directors has co-opted Mr. Kazuhiro Iwata to the Board as an additional director to hold office till date of the ensuing AGM. Mr. Kazuhiro Iwata would be a non-executive, non-independent director, being a nominee of one of the promoters of the Company. Notice has been received from a member signifying its intention to propose the appointment of all independent directors and Mr. Kazuhiro Iwata as director of the Company at the ensuing AGM.

The Board places on record its appreciation for the services rendered by Mr. Koji Nishihara during the tenure of office with the Company.

During the year, subject to approval of shareholders at the ensuing AGM, Mr. P S Rao was re-appointed as "Manager" of the Company within the meaning of Section 2(53) of the Companies Act, 2013 for a period of two years with effect from April 1, 2014.

5. Fixed Deposits

Deposits outstanding as on March 31, 2014 amounted to Rs. 6.76 crores. All deposits that matured during the year were repaid / renewed except for a sum of Rs. 45,000 for which claims have not been lodged with your Company.

6. Conservation of Energy

Your Company is continuously engaged in energy saving initiatives to offset the power shortage and the resultant cost impact.

Sustenance of energy savings initiatives and horizontal deployment of best practices across plants, evaluating and utilising power from low cost sources helped in reduction of power cost despite increase in Electricity Board unit rates. Through energy conservation efforts, your Company saved upto 7,28,607 units of electricity during the year 2013-14.

7. Research and Development Activities

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

8. Foreign Exchange Earnings and Outgo

Foreign exchange earned during 2013-14 was Rs. 25.71 crores against foreign exchange outgo of Rs. 72.99 crores. Strategic initiatives were undertaken to increase export business in terms of customers, product and geographical location by identifying new business opportunities.

9. Employees

The particulars of employees, pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, are given in Annexure C.

10. Auditors

Statutory Auditors

The Auditors, M/s. Varma & Varma hold office until the conclusion of the ensuing Annual General Meeting (AGM).

M/s. Varma & Varma has been the statutory auditors of the Company for the last two financial years (FY)

viz., FY 2012-13 and FY 2013-14. In terms of the transition provision of Section 139 of the Companies Act, 2013, it is proposed to appoint M/s. Varma & Varma as Statutory Auditors of the Company for a period of three years from the conclusion of the ensuing ninth AGM until the conclusion of the twelfth AGM. Necessary resolution in this regard has been included in the notice convening the AGM.

M/s. Varma & Varma have confirmed that their appointment, if made, would be within the limits and that they do not suffer from any disqualifications under Section 141 of the Companies Act, 2013 and the rules made thereunder. M/s. Varma & Varma have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India.

Cost Auditors

As per the Cost Audit Order vide No. 52/26/CAB-2010 dated November 6, 2012, issued by the MCA under Section 233B of the Companies Act, 1956, the Board had appointed M/s. STR & Associates, Cost Accountants, Chennai to carry out the cost audit of the Company for the financial year 2012-13. The due date for filing the cost audit report for the financial year 2012-13 was September 27, 2013. This report was filed on September 25, 2013 in the XBRL format with the MCA.

Pursuant to section 148 of the Companies Act, 2013 and subject to notification of rules thereunder, the Board of Directors on the recommendation of the Audit Committee appointed M/s. STR & Associates., Cost Accountants, as the cost auditors of the Company for the financial year 2014-15. M/s. STR & Associates have confirmed that their appointment is within the limits and that they are free from the disqualifications specified in section 141 of the Companies Act, 2013.

11. Directors' Responsibility Statement

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

- i. Followed the applicable accounting standards in the preparation of the annual accounts for the financial year 2013-14 and there are no material departures;
- ii. Selected such accounting policies and applied them consistently and made judgments and

estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

12. Corporate Social Responsibility (CSR)

The vision on Corporate Social Responsibility (CSR) is: **"To be socially and environmentally responsive organisation 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.

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

a) Education

- Contributions to Rane Foundation and JACOB Memorial Trust towards providing basic and higher education to the deserving.
- Career guidance / motivational workshops for the government school students to explore various career options through career counselling.
- Distribution of school bags and stationeries to the underprivileged students of government schools.
- Organised drawing competition for children.
- Provided used Computers to NGO.

b) Health Care

- Organised weekly health talk.
- Dental care organized for employees.
- Health & hygiene program was organised to the contract workers.
- Provided food / clothes to special children.

c) Community Development

- Provided dust bins to government schools.
- Tailoring classes conducted for women.
- Vehicle safety awareness programme conducted.
- Conducted blood donation camps.
- Provided food and organised employee birthday celebrations in children, old age, mentally challenged and visually impaired home.

d) Environment

- An environment awareness campaign was conducted to employees through "Green peace India".
- Also an environment awareness campaign was conducted for children.
- "Child Labour" awareness program organized through Indian Council for Child Welfare.
- "Auto Industry" awareness programme conducted for college students.

Pursuant to the provisions of section 135 of the Companies Act, 2013 read with Schedule VII to the Companies Act, 2013 and the rules notified thereunder, the Board at its meeting held on March 21, 2014 constituted CSR committee comprising of Mr. L Lakshman, director, Mr. L Ganesh, chairman and Mr. S C Gupta, an independent director.

The Board at its meeting held on May 21, 2014 reviewed the CSR policy recommended by the CSR Committee and adopted the same in compliance with the provisions of Section 135 and the rules made thereunder. The CSR policy of the Company is being posted on the Company's website.

13. Corporate Governance Report

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

For and on behalf of the Board

L GANESH
Chairman

Chennai
May 21, 2014

HARISH LAKSHMAN
Director

Annexure A to Report of the Directors

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company is a manufacturer of safety critical friction material products such as brake linings, disc pads, clutch facings, clutch buttons, brake shoes and railway brake blocks for passenger cars, utility vehicles, commercial vehicles, two wheelers and railways. The Company operates in a single reportable business segment, viz. “components for the transportation industry”.

Industry Structure, Developments and Performance

During the financial year 2013-14, the domestic industry witnessed negative growth in all segments except in Farm Tractors and Two Wheelers.

INDUSTRY GROWTH

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

**Volume Growth in %
over previous year**

Vehicles	2013-14	2012-13
Passenger Cars	-5	-4
Utility Vehicles	-1	52
Small Commercial Vehicles	-25	-17
Light Commercial Vehicles	-4	25
Medium & Heavy Commercial Vehicles	-21	-28
Three Wheelers	-1	-4
Two Wheelers	7	2
Farm Tractors	27	-1

Source: Society of Indian Automobile Manufacturers

Domestic Market

Political un-certainties and high interest rates added with lack of positive market sentiments slowed growth during the year 2013-14.

The break-up of the sales by product lines is given below:

Domestic Sales	(Rs. in crores)		
	2013-14	2012-13	Growth in %
Brake Linings	160.72	171.42	-6.2
Disc Pads	145.71	142.25	2.4
Other Products	50.74	40.95	23.9

OEM and Aftermarket

In line with the market, the Company’s OE sales registered a negative growth. There was marginal growth in the aftermarket business. Railway brake block sales has registered a good growth during 2013-14.

Market	(Rs. in crores)		
	2013-14	2012-13	Growth in %
OEM	181.87	191.01	-4.8
AM	145.54	140.82	3.4
Railway	29.76	22.79	30.5

Exports

Globally, the vehicle industry faced lack of growth due to weak economic expansion of the developed countries. The Company continues to focus on exports as a risk mitigation strategy on foreign exchange variations. The exports for the year 2013-14 was Rs. 26.33 crores registering a growth of 23.8% over the previous year.

Operational and Financial Performance

Financial Review

The Company reported net sales of Rs. 383.51 crores during the year under review, a growth of 2% over previous year, with new products generating 8% (i.e., Rs. 32.54 crores) of the revenues. The profit before tax was Rs.16.73 crores registering an increase of 53% over the previous year mainly due to strategic savings in raw material cost and also other cost reduction initiatives.

Operations and Manufacturing Review

Continued focus on various cost reduction initiatives and yield improvement projects helped in controlling material cost. Aggressive cost reduction initiatives, close

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

monitoring and control have helped the Company to mitigate incremental cost impact in volatile market conditions.

Sustenance of energy savings initiatives and horizontal deployment of best practices across plants, evaluating and utilizing power from low cost sources helped in reduction of power cost despite increase in EB unit rates.

Important highlight of this year has been the Company winning the coveted '**Deming Grand Prize**' (DGP) – the highest honour for practising Total Quality Management (TQM). This was achieved due to important initiatives such as

- Customer orientation and new product development
- Benchmarking of best practices
- QCC approach for solving and FMEA / poka-yoke audits towards quality.

Your Company is the first Company in the world in friction material industry to win this prestigious award. In addition, the Company has won the following awards.

- (i) ACMA Silver award towards manufacturing excellence.
- (ii) India's best Companies to work - Ranked number 2 in auto component industry by Great Place To Work (GPTW) survey.

Outlook

The Company remains cautiously optimistic about the growth of the automotive industry. It is expected that there will be a gradual pick up in momentum in market growth with the formation of a stable government.

The Company would continue to take rigorous efforts to retain the market leadership by developing customized products for the customers. The Company in collaboration with Nisshinbo Brakes Inc., Japan provides the state-of-the-art technologies for applications in new generation vehicles. With profitable growth continuing to remain the focus area, the Company plans to expand its horizons by adding new territories and new customers.

Opportunities and Threats

With the hope of good governance by the stable new government, the growth of Indian economy could be back on track to 7 – 8% levels. This could mean recovery and

growth in Automobile industry. If the infrastructure issues like power, roads and ports are addressed and some flexibility in employment is enabled through labour reforms, exports could open up larger opportunities.

The Company's main areas of strength are:

- State of art R&D and manufacturing facility
- In-house formulation development and bench marking capability
- Operational excellence
- Preferred supplier for OEMs
- Strong distribution network
- Good customer contact and rapport with Tier-1 & vehicle OEM's
- Market leadership
- Brand equity

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

- Unceasing cost reduction demand from OEMs from whom the major portion of the future growth is expected to come.
- Spiraling commodity prices affecting the input costs structure.
- Dumping from China.
- Apprehension about weak economic expansion in the developed countries.

Internal Control Systems and Risk Management

The Company continues to outsource the internal audit function 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 findings of the internal auditors in their quarterly audit are placed before the Audit Committee at each of its quarterly meeting for review. The response of the operating management and counter measures proposed are discussed in the Audit Committee meetings. This process ensures robustness of internal control systems and compliance with laws and regulations including resource utilisation and system efficacy.

The risks associated with each of the business processes and the sub-processes are reviewed periodically by the Audit Committee. The risks are broadly classified into

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

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

Human Resource Development and Industrial Relations

In the Company's journey towards Profitable Growth, business linked and solution focused learning is imperative. The HR strategies are aimed at building leadership pipeline and meeting the future competency needs. The Company has introduced the High Potential Leadership Development (HPLD) initiative designed in a contextual framework focussing on core competencies. High performing individuals at senior, middle and junior levels are identified and groomed to take on higher order challenges in the future. Such talent has a line of sight to the top management with specific and targeted growth measures such as career acceleration, larger and multi-dimensional roles, special projects and competitive compensation.

Competency development that contributes to business success was the theme for the learning and development space. Characteristic of this was the domain specific development initiative for marketing excellence, coupled with interactions with professionals from diverse backgrounds through learning series at the Rane Institute for Employee Development (RIED).

White collar productivity continues to be a focus area. The Company is teaming-up with industry experts to enhance white-collar productivity by conducting detailed studies on work force analysis and developing a robust framework.

Focus on innovation to drive business growth and manage costs effectively will continue to be in the agenda. The efforts are directed at aligning aspirations, inspiring to take on orbit shifting challenges and partnering in healthy and profitable growth. The Company's pursuit of expanding horizons through innovation led initiatives will propel it on the path of profitable growth.

As at the end of March 31, 2014, the total number of employees stood at 891 against 955 as on March 31, 2013.

Cautionary Statement

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

Annexure B to Report of the Directors

FORM B

Disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2014.

Research and Development (R & D)

1. Specific areas in which R & D is carried by Company

Your Company has been actively engaged in developing new friction materials to meet emerging OEM customer requirements on Noise, Vibration & Harshness (NVH), quality and cost effectiveness. Significant progress has been made towards improving the available range of applications in quick time to market by enhancing formulation library and using it effectively. Continued focus on the unserved segments through pro-active cost effective formulation development helped in maintaining market leadership.

Focus areas are development of cost effective asbestos free Brake Linings and Disc Pads for PC, UV, HCV and LCV markets for improving market share in both OE and aftermarket. Joint development with Nisshinbo, Japan is an important initiative for serving OEMs and also ensuring maximum localisation of raw materials. RBL's own efforts for development of cost effective formulations is also continuing at a fast pace.

The Company's emphasis is also on development of asbestos free friction products for domestic aftermarket, which is becoming a very competitive with overseas players entry which calls for continuous efforts to enhance product quality and process technology.

In order to combat stiff competition including overseas players, the Company is also focusing on development of alternate and green materials for performance and cost factors in collaboration with global suppliers.

2. Benefits derived as a result of R & D

The Company has been successful in offering localisation solutions to major international customers for their new product launches. Specific R&D efforts to meet field performance requirements in passenger cars and utility vehicle segment helped the Company to add new product platforms of the customers and offer competitive technical alternatives to our competitor products including imports. The Company could gain new business based on competitive performance proposals from major OEMs.

3. Future plan of action

Your Company intends to strengthen formulation development through technology road map and in-house testing capabilities including NVH test capability & environmental test facilities. During the year, your Company successfully installed state of art Dynamometer facility with advanced features of Environment chamber etc.

Finite Element Method Analysis and NVH testing by special equipment are additional capabilities being built-up by your R&D team.

4. Expenditure on R & D

(Rupees in Crores)

Particulars	2013-14	2012-13
A Capital Expenditure	12.51	0.72
B Recurring	6.53	6.08
C Total	19.04	6.80
D Total R & D expenses as a percentage of total turnover	4.96%	1.81%

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief

The Company has a range of formulations and technology base to compete effectively in a wide range of domestic and overseas markets. The Company has been continuously benchmarking with the collaborator and similar industries towards absorbing best practices and continuous improvements in Product / Process Quality and Productivity areas. The Company has invested in new manufacturing technologies for disc pads and brake linings for Passenger Cars / Utility Vehicles to enhance product quality. The plants have continuously benchmarked and improved on the manufacturing systems. These steps have enabled the Company to enhance the competitiveness and thereby continue its growth in the OEM business.

2. Benefits derived as a result of the above efforts

The Company has been able to offer localisation solutions to major international customers for their new programs. The potential to add a few more domestic customers has also been strengthened.

3. (a) **Technology Imported (Technology imported during the last 5 years reckoned from the beginning of the financial year)** : Technical service and know how relating to design and manufacture of disc pads and brake linings from M/s. Nisshinbo Brake Inc., Japan.
- (b) **Year of Import** : 2010
- (c) **Has the technology been fully absorbed** : Yes
- (d) **Areas where technology not fully absorbed, reason and future plan of action** : Not Applicable

For and on behalf of the Board

L. GANESH
Chairman

Chennai
May 21, 2014

HARISH LAKSHMAN
Director

Rane Brake Lining Limited

Annexure C to Report of the Directors

Particulars as per erstwhile Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, annexed to and forming part of the Directors' Report for the year ended March 31, 2014

Sl No	Name	Age	Designation / Nature of Duties	Date of Commencement of employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of Last Employment
1	Mr. P S Rao	62	President / "Manager" under the Companies Act, 2013	12.04.2001	76,10,381	M.Tech	39	Vice-President (Operations) Rane (Madras) Limited

- Notes :**
1. Remuneration as shown above includes salary, house rent and other allowances, contribution to provident and other funds and perquisites evaluated as per Income Tax Rules.
 2. The services of Mr. P S Rao is contractual in nature.
 3. Mr. P S Rao is not related to any director.
 4. No employee of the Company is covered by the provision of Section 217(2A) (a) (iii) of the Companies Act, 1956.

For and on behalf of the Board

L. GANESH
Chairman

HARISH LAKSHMAN
Director

Place : Chennai
Date : May 21, 2014

Annexure D to Report of the Directors

CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

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

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

2. Board of Directors

The Board of the Company consists of eight non-executive directors. The composition of the independent directors (50%) is in conformity with

clause 49 of the listing agreement entered into with stock exchanges. None of the directors on the Board, is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2014 have been made by the directors.

The Board met five (5) times during the financial year on May 20, 2013, July 24, 2013, October 22, 2013, January 20, 2014 and March 20, 2014. The names and categories of the directors on the Board, their attendance at Board Meetings and Annual General Meeting held during the year and the number of directorships and committee chairmanships / memberships held by them in other companies are given below:

Name of the Director	Category	No. of board meetings attended	Whether attended last AGM	Number of Directorship in other Companies #		Number of Committees®	
				Chairman	Member	Chairman	Member
Mr. L Lakshman	Non-Executive & Promoter	4	Yes	1	9	3	5
Mr. L Ganesh	Non-Executive & Promoter	5	Yes	6	4	2	7
Mr. Harish Lakshman	Non-Executive & Promoter	5	Yes	-	7	2	1
Mr. S A Murali Prasad	Independent and Non-Executive	5	Yes	-	-	-	1
Mr. S Sandilya	-do-	5	Yes	1	3	3	2
Mr. Anil Kumar V Epur	-do-	5	Yes	-	1	-	1
Mr. S C Gupta	-do-	5	Yes	-	-	-	1
Mr. Koji Nishihara* (Nominee of Nisshinbo Holdings Inc.)	Non-Executive	1	No	-	-	-	-

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

® Membership in Audit Committee and Investor's Service / Grievance Committee (including Stakeholders' Relationship Committee) only is considered.

* Ceased to be a Director w.e.f. May 21, 2014. In the place of Mr. Koji Nishihara, Mr. Kazuhiro Iwata was appointed as additional director w.e.f. May 21, 2014.

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

The information as required under Annexure IA to clause 49 of the listing agreement such as annual operating plans and budgets, quarterly results for the Company, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures etc. are placed before the Board of Directors.

Corporate Governance (Contd.)

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

3. Audit Committee

Overall purpose / objective

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

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

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

9. Reviewing the management letters / letters of internal control weaknesses issued by the statutory auditors, if any.
10. Reviewing the internal audit reports relating to internal control weaknesses, if any.
11. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee is as follows:

Name of the Director	Category
Mr. S Sandilya	Chairman-Independent Director
Mr. S C Gupta	Member-Independent Director
Mr. S A Murali Prasad	Member-Independent Director
Mr. L Ganesh	Member-Non-Executive Director

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

Mr. G Karthikeyan, Secretary of the Company is the Secretary to the Committee.

The Committee met four (4) times during the year May 20, 2013, July 24, 2013, October 22, 2013 and January 20, 2014.

Name of the Director	No. of Meetings Attended
Mr. S Sandilya	4
Mr. S C Gupta	4
Mr. S A Murali Prasad	4
Mr. L Ganesh	4

The statutory auditors and the internal auditors were present as invitees in all the meetings. The President and the General Manager - Finance of the Company attended the meetings by invitation. Based on the requirement, other directors attended the meetings by invitation.

In compliance with clause 41 of the listing agreement, the audit committee reviews the quarterly unaudited financial results of the Company. These results are subjected to limited review by the statutory auditors of the Company. The statutory auditors are eligible to issue limited review report as the audit firm has been subjected to peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

Corporate Governance (Contd.)

The audit committee reviews all mandatory information under clause 49 of the Listing Agreement.

4. Remuneration to Directors

During the year 2013-14, the Company has paid sitting fee of Rs. 20,000 per meeting to the non-executive directors for attending each meeting of the Board and Audit Committee and Rs. 2,500 for attending the meeting of other committees of the Board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. The Board approved payment of sitting fees to Mr. L Ganesh for attending the meetings of the board or other committees of the board with effect from October 22, 2013. Mr. L Lakshman does not receive sitting fees for attending the meeting of the Board or other committees of the board. The Company does not have any stock option scheme.

The details of sitting fees paid to the directors for the year ended March 31, 2014 are as follows:

Name of the Director	Sitting Fees (Rs.)
Mr. S A Murali Prasad	1,80,000
Mr. S Sandilya	1,80,000
Mr. S C Gupta	1,80,000
Mr. Anil Kumar V Epur	1,07,500
Mr. Harish Lakshman	1,07,500
Mr. L Ganesh	1,05,000
Mr. Koji Nishihara	20,000

Commission of Rs.16,89,350 is payable for the year 2013-14 to Mr. L Ganesh, Chairman in accordance with the approval of shareholders vide special resolution passed at the Annual General Meeting held on July 13, 2012.

The shareholding details of directors for the year ended March 31, 2014:

Name of the Director	No. of shares	No. of Shares pledged
Mr. L Lakshman	50	Nil
Mr. L Ganesh	50	Nil
Mr. Harish Lakshman	50	Nil

None of the other directors holds any share in the Company.

At the Annual General Meeting of the Company held on July 13, 2012, the shareholders of the Company had approved the appointment of P S Rao, President as 'Manager' under the Companies Act, 1956 for a period of two years, with effect from April 1, 2012. As his term expired on March 31, 2014, at the Board meeting held on March 20, 2014 he has been re-appointed as 'Manager' under the Companies Act, 2013 for a period of two years, effective April 1, 2014, subject to the approval of shareholders at the ensuing Annual General Meeting. Mr. P S Rao would be paid remuneration in terms of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made as detailed in the notice of the ensuing Annual General Meeting. There is no severance fee payable to the Manager.

There is no stock option scheme prevailing in the Company.

Remuneration Committee constituted under the provisions of the Schedule XIII of the Companies Act, 1956 and clause 49 of the Listing Agreement comprises the following directors as its members:

Mr. S Sandilya, Chairman

Mr. S A Murali Prasad, Member

Mr. S C Gupta, Member

Mr. L Ganesh, Member

5. Code of Conduct

The board of directors has laid down a code of conduct for all board members and senior management 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 Chief Executive Officer to this effect forms part of this report.

Corporate Governance (Contd.)

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

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner. The Committee comprises the following Directors:

Mr. Harish Lakshman - Chairman

Mr. L Ganesh - Member

Mr. Anil Kumar V Epur - Member

Mr. G Karthikeyan, Secretary is the Compliance Officer of the Company.

The Committee met three (3) times during the year on July 24, 2013, October 22, 2013 and January 20, 2014.

Name of the Director	No. of Meetings Attended
Mr. Harish Lakshman	3
Mr. L Ganesh	3
Mr. Anil Kumar V Epur	3

During the year, the Company received 3 complaints from the investors through Stock Exchange and all of them were disposed off. The complaints pertain to non-receipt of dividend warrant and non-receipt of annual report. During the year, no complaint was received from Ministry of Corporate Affairs/ SEBI, including SEBI Complaints Redress System (SCORES). No investor complaints were pending unresolved at the year end.

7. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special resolutions passed	Time	Venue
July 24, 2013 (Eighth AGM)	No Special resolution was passed	10.15 A.M	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014
July 13, 2012 (Seventh AGM)	1. Appointment of Mr. P S Rao as 'Manager' under the Companies Act, 1956 2. Payment of Commission to Mr. L Ganesh, Chairman	10.15 A.M.	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014
July 22, 2011 (Sixth AGM)	No Special resolution was passed	10.15 A.M.	Narada Gana Sabha (Main Hall), No.314, TTK Road, Chennai 600 018

No resolution was required to be passed by means of postal ballot by the members of the Company during the year 2013-14.

8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in note 39 of the financial statements have been reviewed by the Audit Committee.

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.

The Company has complied with all the mandatory requirements prescribed under revised clause 49 of the listing agreement. The CEO and CFO of the Company have certified to the Board on the integrity of the financial statements, effectiveness of internal

controls and significant changes in internal control / accounting policies during the year as required under clause 49 (V) of the Listing Agreement.

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

- i. maintaining an office for the Chairman at the registered office of the Company.
- ii. adopting best practices to ensure a regime of unqualified financial statements.
- iii. individual communication of half-yearly results to shareholders.
- iv. 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. A new system for updating the laws for compliance was introduced during the year. 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.

9. Whistle blower mechanism:

The Company established a formal Whistle Blower Policy, providing the mechanism for reporting with reliable information on any improper or unethical practices or actions which are violative (actual or potential) of the code of the Company by any employee or others dealing with the Company. It also addresses the protection of whistle blower who makes protected disclosures under the policy 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 URL: <http://rane.co.in/pdf/policies/rblwbpolicy.pdf>

During the year, no instance was reported under this policy.

10. 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. www.rane.co.in. During the year, presentations was made to analysts / institutional investors and was published in the website of the Company. A management discussion and analysis report is part of the annual report.

Rane Brake Lining Limited

Corporate Governance (Contd.)

11. General Shareholder Information

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

Name of the Director	Mr. S Sandilya	Mr. S A Murali Prasad
Father's Name	Mr. S Srinivasan	Mr. S A Venkatarama Iyer
Date of Birth	April 11, 1948	September 27, 1941
Educational Qualifications	B.Com, M.B.A.	ACA, ACMA
Experience	Mr. Sandilya contributes his expertise in the policy and decision making of the Company. Mr. Sandilya has over 45 years of industrial experience	Mr. Murali Prasad provides consultancy services for large and medium-sized corporate houses. He has over 47 years of experience.
Date of Appointment	February 6, 2008	February 6, 2008
Other Directorships	<p>Public Limited Company</p> <ol style="list-style-type: none"> Eicher Motors Limited Tube Investments of India Limited Mastek Limited GMR Infrastructure Limited <p>Foreign Company</p> <ol style="list-style-type: none"> Mastek UK Limited <p>Section 8 Company</p> <ol style="list-style-type: none"> Association of Indian Automobile Manufacturers Lean Management Institute of India 	Sam Consultancy Services Private Limited
Committee Memberships	<p>Chairman - Audit Committee</p> <ol style="list-style-type: none"> Rane Brake Lining Limited Tube Investments of India Limited Mastek Limited <p>Member - Audit Committee</p> <ol style="list-style-type: none"> Eicher Motors Limited <p>Member - Shareholders & Investors' Grievance Committee</p> <ol style="list-style-type: none"> Eicher Motors Limited <p>Member - Compensation Committee</p> <ol style="list-style-type: none"> Eicher Motors Limited <p>Chairman - Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> Rane Brake Lining Limited <p>Chairman - Compensation & Nomination Committee</p> <ol style="list-style-type: none"> Mastek Limited <p>Member - Compensation & Nomination Committee</p> <ol style="list-style-type: none"> Tube Investments of India Limited <p>Member - Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> Tube Investments of India Limited 	<p>Member - Audit Committee</p> <ol style="list-style-type: none"> Rane Brake Lining Limited <p>Member - Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> Rane Brake Lining Limited
Number of shares held	NIL	NIL

Corporate Governance (Contd.)

11. General Shareholder Information (contd.)

i. Information about director seeking appointment / re-appointment in this Annual General Meeting (contd.)

Name of the Director	Mr. Anil Kumar V Epur	Mr. S C Gupta
Father's Name	Mr. E V Ram Reddy	Mr. Prem Narain
Date of Birth	November 17, 1948	April 5, 1945
Educational Qualifications	B.S. MEE and MBA – Cornell University, USA	B.Tech (Hons.)
Experience	Mr. Anil Kumar V Epur has over 38 years of industrial experience. He is associated with the Confederation of Indian Industry (CII) and held various positions including as its southern regional chairman. He was also actively involved in various expert committees constituted by the government of Andhra Pradesh.	Mr. S C Gupta was associated with the Indian railways and has over 46 years of industrial experience.
Date of Appointment	February 6, 2008	March 24, 2008
Other Directorships	1. Gati Kausar India Limited	-
Committee Memberships	Member – Stakeholders' Relationship Committee 1. Rane Brake Lining Limited	Member – Audit Committee 1. Rane Brake Lining Limited Member - Corporate Social Responsibility Committee 1. Rane Brake Lining Limited
Number of shares held	NIL	NIL

Rane Brake Lining Limited

Corporate Governance (Contd.)

11. General Shareholder Information (contd.)

i. Information about director seeking appointment / re-appointment in this Annual General Meeting (contd.)

Name of the Director	Mr. Harish Lakshman	Mr. Kazuhiro Iwata
Father's Name	Mr. L Lakshman	Mr. Katsumi Yasukawa
Date of Birth	February 12, 1974	January 3, 1958
Educational Qualifications	B.E, MSM	Bachelor of Business Science
Experience	Mr. Harish Lakshman has 13 years of experience in his profession and currently he is managing director of Rane TRW Steering Systems Limited and looks after manufacturing activities of Rane group.	Mr. Kazuhiro Iwata has 32 years of Industrial experience.
Date of Appointment	July 22, 2008	May 21, 2014
Other Directorships	<ol style="list-style-type: none"> 1. Rane TRW Steering Systems Limited 2. Rane (Madras) Limited 3. Rane Holdings Limited 4. Rane Engine Valve Limited 5. Rane NSK Steering Systems Limited 6. JMA Rane Marketing Limited 7. SasMos HET Technologies Limited 8. Savithur Enterprises Private Limited 9. HL Hill Station Private Limited 10. Broadvision Perspectives India Private Limited 11. Broadvision Services Private Limited 12. Rane Holdings America Inc. 	<ol style="list-style-type: none"> 1. Nisshinbo Automotive Manufacturing Inc., USA 2. TMD Friction Group S.A.
Committee Memberships	<p>Chairman – Stakeholders' Relationship Committee</p> <p>Rane Brake Lining Limited Rane Holdings Limited</p>	
	<p>Member – Stakeholders' Relationship Committee</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 	
Number of shares held	50	NIL

Corporate Governance (Contd.)

ii. Annual General Meeting

July 22, 2014 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, 2014	May 21, 2014
Un-audited results for the 1 st quarter ending June 30, 2014	July 22, 2014
Un-audited results for the 2 nd quarter ending September 30, 2014	October 20, 2014
Un-audited results for the 3 rd quarter ending December 31, 2014	January 23, 2015
Annual Accounts for the year ending March 31, 2015	By last week of May 2015

iv. Book Closure & Dividend

The book closure period is from **July 12, 2014** (Saturday) to **July 22, 2014** (Tuesday), both days inclusive.

Dividend

The Board of Directors at its meeting held on May 21, 2014, has recommended a dividend of Rs. 7.50 per equity share. The dividend, if declared by the shareholders, will be paid on July 28, 2014 to all those members whose name appears in the Register of Members as on July 22, 2014 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 11, 2014.

v. Listing on Stock Exchanges

Stock Exchanges	Stock Code
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	RBL

Stock Exchanges	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	532987
Madras Stock Exchange Limited (MSE) 11, Second Line Beach, Chennai 600 001	RANEBRAKE

Listing Fee: The shares of the Company are listed on NSE, BSE & MSE. While NSE & BSE provide nationwide access to trade and deal in Company's equity shares across the country, there is no trading activity in MSE. In view of this, the Board of Directors had earlier sought voluntary de-listing of equity shares from MSE during November 2012. Approval of MSE is still pending. The Company has paid the Annual Listing fee for the financial year 2014-15 to all the stock exchanges where the shares of the Company are listed including that of MSE as the shares of the Company continues to be listed in these stock exchanges.

vi. Unpaid / Unclaimed Dividends

Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2007 and thereafter which remain unclaimed for a period of seven years (including dividend declared by erstwhile Rane Brake Linings Limited) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the Company had transferred to IEPF an unclaimed dividend amount of Rs. 81,219 for the financial year ended March 31, 2006 and an unclaimed interim dividend amount of Rs. 1,37,556 for the financial year ended March 31, 2007.

The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the

Corporate Governance (Contd.)

Company. Information in respect of such unclaimed dividends when due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per share# (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2014) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2007 *	22.03.2007	3.00	95,022.00	25.04.2014	24.05.2014
31.03.2008	22.07.2008	4.00	1,27,216.00	25.08.2015	23.09.2015
31.03.2009	20.07.2009	2.00	69,098.00	24.08.2016	22.09.2016
31.03.2010 *	21.01.2010	1.50	1,06,863.00	25.02.2017	26.03.2017
31.03.2010	21.07.2010	3.00	1,01,136.00	25.08.2017	23.09.2017
31.03.2011 *	25.01.2011	3.00	1,16,247.00	01.03.2018	30.03.2018
31.03.2011	22.07.2011	2.00	78,332.00	26.08.2018	24.09.2018
31.03.2012 *	25.01.2012	4.00	1,96,560.00	28.02.2019	29.03.2019
31.03.2012	23.05.2012	3.00	1,35,528.00	17.08.2019	15.09.2019
31.03.2013*	22.01.2013	2.00	90,886.00	25.02.2020	25.03.2020
31.03.2013	24.07.2013	2.00	90,730.00	28.08.2020	26.09.2020

- Share of paid-up value of Rs.10 per share * - Interim dividend

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on July 24, 2013 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.

vii. Unclaimed share certificates

Under clause 5A (II) of the listing agreement entered with stock exchanges, the Company had sent three reminders to the shareholders for getting their confirmation on unclaimed shares.

Based on the response received from the shareholders, the Company had transferred 17,872 unclaimed shares pertaining to 145 shareholders in physical form into one folio in the name of "Rane Brake Lining Limited Unclaimed Shares Suspense Account" and dematerialised the same. No shareholder had approached the company during the year and hence no share was transferred from the unclaimed shares suspense account of the company during the year.

Hence, the entire unclaimed shares is lying in the suspense account as on March 31, 2014 i.e., 17,872 shares pertaining to 145 shareholders.

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

viii. Green Initiative

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

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

Corporate Governance (Contd.)

ix. Share Price Data

There has been no trading in Madras Stock Exchange Ltd. The share price data (based on closing price) as quoted on the National Stock Exchange of India Ltd. and BSE Ltd. along with the movement in the respective stock index during the last financial year viz., April 1, 2013 – March 31, 2014 is given below :

Month	BSE Share Prices (Rs.)		BSE Sensex		NSE Share Prices (Rs.)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
April 2013	104.00	93.00	19,504.18	18,226.48	108.90	93.20	5,930.20	5,495.10
May 2013	104.05	92.55	20,286.12	19,575.64	107.00	95.05	6,187.30	5,944.00
June 2013	114.00	103.00	19,610.48	18,540.89	107.80	104.00	5,939.30	5,588.70
July 2013	109.95	102.30	20,302.13	19,177.76	108.40	100.00	6,077.80	5,742.00
August 2013	108.95	105.00	19,367.59	17,905.91	109.20	105.00	5,742.30	5,285.00
September 2013	113.90	107.00	20,646.64	18,234.66	114.40	105.00	6,115.55	5,341.45
October 2013	109.90	102.65	21,164.52	19,517.15	109.00	105.00	6,299.15	5,780.05
November 2013	108.50	103.05	21,239.36	20,194.40	109.50	105.00	6,317.35	5,989.60
December 2013	115.00	105.00	21,326.42	20,612.14	110.90	103.20	6,363.90	6,139.05
January 2014	111.95	107.25	21,373.66	20,498.25	112.50	106.15	6,345.65	6,073.70
February 2014	118.00	112.25	21,120.12	20,193.35	118.00	113.00	6,276.95	6,000.90
March 2014	134.85	115.00	22,386.27	20,946.65	135.00	115.00	6,704.20	6,221.45

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

x. Registrar and Transfer Agents

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

Integrated Enterprises (India) Ltd.,
 II Floor, 'Kences Towers',
 No.1, Ramakrishna Street,
 North Usman Road,
 T. Nagar, Chennai - 600 017.
 Phone: 044-28140801 - 03,
 Fax: 044-28142479, 044-28143378.
 e-mail: corpserv@integratedindia.in

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

xi. Share Transfer System

The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. Share transfer process is completed within 15 days from the date of receipt of transfer document by the Registrar and

Transfer Agents (RTA). Requests for dematerialisation are generally confirmed on a weekly basis by the RTA.

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

Rane Brake Lining Limited

Corporate Governance (Contd.)

xii. Distribution of shareholding as on March 31, 2014

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	5,210	91.53	5,29,129	6.69
501 - 1,000	212	3.72	1,63,466	2.07
1,001 - 2,000	109	1.91	1,64,063	2.07
2,001 - 5,000	103	1.81	3,35,870	4.24
5,001 - 10,000	28	0.49	2,07,391	2.62
10,001 - 20,000	14	0.25	1,94,481	2.46
20,001 - 50,000	12	0.21	3,77,628	4.77
50,001 & above	4	0.07	59,42,952	75.08
Total	5,692	100.00	79,14,980	100.00

xiii. Pattern of shareholding

Sl. No.	Category	As on March 31, 2014			As on March 31, 2013		
		No. of Shareholders	No. of Shares	% to total capital	No. of Shareholders	No. of Shares	% to total capital
A	Promoters	12	51,92,274	65.60	12	49,82,812	62.95
B	Mutual Funds & UTI	1	200	–	1	200	–
C	Banks, Financial Institutions & Insurance Companies	5	7,71,173	9.75	6	7,71,273	9.75
D	Private Corporate Bodies	110	1,11,122	1.40	126	1,21,704	1.54
E	Indian Public and others	5,504	18,13,797	22.92	5,815	20,12,675	25.43
F	NRI	60	26,414	0.33	71	26,316	0.33
	Total	5,692	79,14,980	100.00	6,031	79,14,980	100.00

Corporate Governance (Contd.)

xiv. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2014, about 97.60% of the shareholdings have been dematerialised.

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

Particulars	Number of shares		% to total capital	
	As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
Physical	1,90,234	2,91,378	2.40	3.68
Demat	77,24,746	76,23,602	97.60	96.32
Total	79,14,980	79,14,980	100.00	100.00

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

Demat ISIN Number: **INE244J01017**

Corporate Identification Number (CIN) : **L63011TN2004PLC054948**

xv. Plant locations - given in the First page of the Annual Report.

xvi. Address for communication

Mr. G Karthikeyan, Compliance officer
Rane Brake Lining Limited,
Rane Corporate Centre,
"Maithri" 132, Cathedral Road, Chennai 600 086.
Ph.044-28112472 Fax: 044-28112449
E-mail: investorservices@rane.co.in

OR

Mr. K Suresh Babu, Vice President,
Integrated Enterprises (India) Ltd.,
II Floor, 'Kences Towers', No.1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai 600 017.
Phone: 044-28140801-03, Fax: 044-28142479
E-mail: corpserv@integratedindia.in

AUDITORS' CERTIFICATION ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **Rane Brake Lining Limited**

1. We have examined the compliance of the conditions of Corporate Governance by **Rane Brake Lining Limited**, for the year ended March 31, 2014 as stipulated in clause 49 of Listing Agreement of the said Company with the Stock Exchanges in India.
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and 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.
4. We further state that such compliance is neither an assurance as the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

Place : Chennai
Date : May 21, 2014

P R PRASANNA VARMA
Partner
Membership Number : 025854

To

The Members
Rane Brake Lining Limited

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

I, hereby declare that to the best of my knowledge and information, all the board members and senior management personnel have affirmed compliance with the code of conduct for the year ended March 31, 2014.

Chennai
May 21, 2014

P S RAO
Manager

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RANE BRAKE LINING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Rane Brake Lining Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Profit and Loss Statement, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this report are in agreement with the books of account;

AUDITORS' REPORT (contd.)

- d. in our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement comply with the notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Varma & Varma
Chartered Accountants
Firm Registration Number : 004532S

P R PRASANNA VARMA
Partner
Membership Number : 025854

Place: Chennai
Date : May 21, 2014

ANNEXURE REFERRED TO IN OUR AUDIT REPORT OF EVEN DATE

1. a. The company is maintaining records showing full particulars, including quantitative details of fixed assets.
 - b. The fixed assets of the company have been physically verified during the year by the management, in accordance with a phased programme designed to cover all the assets over a period of 3 years, which in our opinion is reasonable having regard to the size of the company and the nature of assets. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.
 - c. There has not been disposal of any substantial portion of fixed assets of the company during the year, which would affect the status of the company as a going concern.
2. a. According to the explanation given to us, the inventories of the company at all its locations have been physically verified by the management, at reasonable intervals.
 - b. In our opinion and according to the explanations given to us, the procedures followed by the management with regard to physical verification of inventories are reasonable and adequate in relation to the size of the company and nature of its business.
 - c. In our opinion, the company is maintaining proper records of inventory. The discrepancies noted on physical verification as compared to the books and records maintained by the company were not material and have been properly dealt with in the books of account by the management.
3. a. The Company has not granted any loans, secured or unsecured, to companies / firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, except an interest free unsecured loan, given to a party covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year end balance of the loan is Rs.0.75 crores.
 - b. In our opinion, the terms and conditions of such loan are not prima facie prejudicial to the interest of the company considering the purpose for which the above loan has been given.
 - c. Having regard to the revised terms, in our opinion, no principal amount is due for repayment in respect of the above loan as at the Balance Sheet date.
- d. The company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956, except for public deposits accepted from 9 parties. The maximum involved during the year is Rs.0.91 crores and the year end balance of the loan is Rs.0.61 crores.
 - e. The rate of interest and other terms and conditions of such loans taken are, in our opinion, not prejudicial to the interest of the company.
 - f. The company is regular in payment of principal and interest on the above said loans.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased / services availed are of special nature and suitable alternatives sources are not readily available for obtaining comparable quotations, the internal control systems for the purchase of inventory and fixed assets and for the sale of goods and services are generally commensurate with the size of the company and nature of its business. There are no major weaknesses in internal control of a continuing nature.
5. a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, in respect of each of such transactions made in pursuance to contracts and arrangements that exceed value of Rupees Five Lakhs in respect of the above parties during the year, the prices / rates are comparable with similar transactions entered into with other parties or no comparable market prices are available as the related goods/services are proprietary in nature.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules 1975 and other rules framed there under with regard to deposits accepted from public.

ANNEXURE TO THE AUDITORS' REPORT (contd.)

7. The company has an adequate internal audit system which is commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the Cost records maintained by the company pursuant to the Companies (Cost Accounting Record) Rules, 2011 prescribed by the Central Govt u/s 209(1)(d) of the Companies Act, and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
9. a. According to the information and explanations given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income-tax, Sales tax, Wealth Tax, Service tax, Customs Duty, Excise Duty and other material statutory dues as applicable to it with the appropriate authorities during the year. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income-Tax, Wealth tax, Service tax, Sales tax, Excise duty, Customs duty and other statutory dues which were outstanding at the year end for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and as per our verification of records of the company, there are no disputed amounts of tax/duty that have not been deposited with appropriate authorities as at March 31, 2014, on account of a dispute, except as follows;

Name of the statute	Nature of dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	10.67	April 2000 to March 2002, April 2004 to March 2007 & April 2009 to March 2011	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	0.02	April 2003 to March 2004	High Court of Judicature, Madras
Central Excise Act, 1944	Excise Duty (including interest and penalty)	0.05	April 2003 to March 2004 & April 2009 to March 2010	Commissioner of Central Excise (Appeals), Chennai
Central Excise Act, 1944	Excise Duty (including interest and penalty)	0.68	April 2001 to March 2005	Customs, Excise And Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service Tax (including interest and penalty)	0.50	April 2006 to May 2008, April 2010 to March 2011 & August 2012	Commissioner of Central Excise (Appeals), Chennai
Finance Act, 1994	Service Tax (including interest and penalty)	1.28	August 2002 to April 2008	Customs, Excise And Service Tax Appellate Tribunal, Chennai
Central Sales Tax Act, 1956	Sales Tax	0.03	April 2004 to March 2005	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Sales Tax	0.15	April 2005 to March 2007	The Appellate Deputy Commissioner of Commercial Taxes, Chennai
Central Sales Tax Act, 1956	Sales Tax	0.09	April 2008 to March 2010	The Appellate Deputy Commissioner of Commercial Taxes, Hyderabad

ANNEXURE TO THE AUDITORS' REPORT (contd.)

Name of the statute	Nature of dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.12	April 2008 to March 2009	The Joint Commissioner of Sales Tax (Appeal), Pune
Maharashtra Value Added Tax Act, 2002	Sales Tax	0.03	April 2008 to March 2009	The Joint Commissioner of Sales Tax (Appeal), Pune
Maharashtra Value Added Tax Act, 2002	Sales Tax	0.27	April 2009 to March 2010	The Deputy Commissioner of Sales Tax, Pune
Kerala Value Added Tax, 2003	Sales Tax	0.01	April 2010 to March 2011	The Deputy Commissioner (Appeals-I), Ernakulam

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks or financial institution.
12. In our opinion and according to the information and explanations given to us, and based on the documents and records produced to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures or other investments, and accordingly, the relative reporting requirements of the order are not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us, the term loans have been applied, for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall verification of the attached balance sheet of the company, we report that the funds raised by the company on short-term basis have not been used to finance long-term assets.
18. During the year, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act.
19. The company has not issued any debentures during the year and accordingly the reporting requirement under clause 4 (xix) of the Order is not applicable to the company.
20. The company has not raised any money by public issues during the year and accordingly the reporting requirement under clause 4 (xx) of the Order is not applicable to the company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

For Varma & Varma

Chartered Accountants

Firm Registration Number : 004532S

P R PRASANNA VARMA

Partner

Membership Number : 025854

Place: Chennai

Date : May 21, 2014

Rane Brake Lining Limited

BALANCE SHEET AS AT 31 MARCH 2014

(Rupees in Crores)

Particulars	Note	As at 31 March 2014	As at 31 March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	7.91	7.91
(b) Reserves and Surplus	4	104.35	94.10
(2) Non-current Liabilities			
(a) Long-term borrowings	5	27.49	45.28
(b) Deferred tax liabilities (Net)	6	9.25	9.27
(c) Other long-term liabilities	7	0.41	0.04
(d) Long-term provisions	8	2.02	2.04
(3) Current Liabilities			
(a) Short-term borrowings	9	34.28	28.67
(b) Trade payables	10	48.23	47.72
(c) Other current liabilities	11	25.16	22.67
(d) Short-term provisions	12	8.84	3.81
Total		<u>267.94</u>	<u>261.51</u>
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets			
(i) Tangible assets	13	132.75	122.38
(ii) Intangible assets	14	0.20	0.30
(iii) Capital work-in-progress		0.38	18.58
(b) Non-current Investment	15	0.37	-
(c) Long term loans and advances	16	9.11	6.84
(d) Other non-current assets	17	0.33	0.34
(2) Current Assets			
(a) Inventories	18	27.93	28.16
(b) Trade receivables	19	86.13	75.16
(c) Cash and Bank balances	20	3.28	2.34
(d) Short-term loans and advances	21	7.19	7.13
(e) Other current assets	22	0.27	0.28
Total		<u>267.94</u>	<u>261.51</u>
Summary of Significant Accounting Policies	2		

The accompanying Notes are an integral part of the financial statements.

This is the Balance sheet referred to in our report of even date

For and on behalf of the Board

For **Varma & Varma**

Chartered Accountants

Firm Registration Number : 004532S

P R PRASANNA VARMA

Partner

(Membership No. 025854)

Place : Chennai

Date : May 21, 2014

L GANESH

Chairman

HARISH LAKSHMAN

Director

P S RAO

Manager

M A P SRIDHAR KUMAR

Chief Financial Officer

G KARTHIKEYAN

Secretary

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Rupees in Crores)

Particulars	Note	Year ended 31 March 2014	Year ended 31 March 2013
I. Revenue from Operations (Gross)	26	433.84	425.62
Less : Excise Duty (See Note 33(a))		49.73	49.18
Revenue from Operations (net)		384.11	376.44
II. Other Income	27	2.40	3.24
III. Total Revenue (I + II)		<u>386.51</u>	<u>379.68</u>
IV. Expenses :-			
Cost of materials consumed	28	194.72	201.64
Purchase of Stock-in-trade		0.08	0.05
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(0.88)	(4.00)
Employee benefits expense	30	52.52	49.26
Finance costs	31	7.67	7.29
Depreciation and amortisation expense	32	18.22	17.87
Other expenses	33	97.45	96.65
Total Expenses		<u>369.78</u>	<u>368.76</u>
V. Profit before tax (III - IV)		16.73	10.92
VI. Tax Expense :			
(1) Current Tax		3.61	2.51
(2) Minimum Alternative Tax Credit (Refer note 16(b))		(4.07)	(0.59)
(3) Deferred Tax		(0.02)	(0.10)
VII. Profit / (Loss) for the period (V – VI)		<u>17.21</u>	<u>9.10</u>
VIII. Earnings per equity share :			
{Nominal Value per share : Rs.10 (Rs.10)}			
Basic (in Rs.)	38	21.76	11.50
Diluted (in Rs.)	38	21.76	11.50
Summary of Significant Accounting Policies	2		

The accompanying Notes are an integral part of the financial statements

This is the Profit and Loss statement referred to in our report of even date

For and on behalf of the Board

For **Varma & Varma**

Chartered Accountants

Firm Registration Number : 004532S

P R PRASANNA VARMA

Partner

(Membership No. 025854)

Place : Chennai

Date : May 21, 2014

L GANESH

Chairman

HARISH LAKSHMAN

Director

P S RAO

Manager

M A P SRIDHAR KUMAR

Chief Financial Officer

G KARTHIKEYAN

Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Rupees in Crores)

Particulars		Year ended 31 March 2014	Year ended 31 March 2013
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	16.73	10.92
	Adjustment for		
	Depreciation / Amortisation	18.22	17.87
	Interest Charges	7.38	6.94
	Profit on tangible Assets sold	(0.02)	(0.08)
	Interest income from deposits	(0.13)	(0.41)
	Operating profit before Working Capital Changes	42.18	35.24
	Changes in working capital		
	(Increase) / Decrease in Inventories	0.23	0.19
	(Increase) / Decrease in Trade Receivables	(10.97)	(5.57)
	(Increase) / Decrease in Loans and Advances	0.08	3.50
	(Increase) / Decrease in Other Current Assets	-	2.08
	Increase / (Decrease) in Trade and other payables	(0.65)	(0.21)
	Cash generated from operations	30.87	35.23
	Income Taxes Paid (Net of refunds)	(1.51)	(2.22)
	Net Cash generated from Operating Activities	29.36	33.01
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of tangible / intangible Assets	(10.28)	(35.21)
	Sale proceeds of tangible / intangible assets	0.04	0.13
	Purchase of investments	(0.00)	-
	Interest received	0.14	0.54
	Net Cash used in Investing Activities	(10.10)	(34.54)
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase / (Decrease) in long term loans (net)	(14.44)	(3.23)
	Increase / (Decrease) in A.P Government Sales tax deferral Scheme	(0.22)	(0.16)
	Increase / (Decrease) in Fixed Deposits	0.70	3.61
	Proceeds from / (Repayment) of Short term loans	8.50	10.50
	Increase / (Decrease) in Cash credit, Packing credit and Buyers Credit	(2.89)	2.28
	Dividend and Dividend tax paid	(1.83)	(4.58)
	Interest paid	(7.15)	(7.24)
	Net Cash from Financing Activities	(17.33)	1.18
	Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	1.93	(0.36)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014 (contd.)
(Rupees in Crores)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
(D) Cash and Cash Equivalents At the Beginning of the Year	1.14	1.50
(E) Cash and Cash Equivalents At the End of the Year	3.07	1.14
Note: Cash and Cash Equivalents comprise of :		
Cash on hand	0.03	0.02
Bank Balances	3.04	1.12

The accompanying Notes are an integral part of the financial statements.

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

For and on behalf of the Board

For **Varma & Varma**

Chartered Accountants

Firm Registration Number : 004532S

P R PRASANNA VARMA

Partner

(Membership No. 025854)

Place : Chennai

Date : May 21, 2014

L GANESH

Chairman

HARISH LAKSHMAN

Director

P S RAO

Manager

M A P SRIDHAR KUMAR

Chief Financial Officer

G KARTHIKEYAN

Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. General Information

Rane Brake Lining Limited (The "Company") is engaged in manufacture of brake linings, disc pads, clutch facings, clutch buttons, brake shoes and railway brake blocks and as such operates in a single reportable business segment of 'components for transportation industry'. The Company is having four manufacturing facilities at Chennai, Hyderabad, Puducherry and Trichy. The Company is a Public Limited Company and listed on The Madras Stock Exchange Limited, Chennai, Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

2. Summary of Significant accounting policies

2.1 Basis of Preparation

The financial statements are prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles in India and comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with the General circular 15/2013 dated 13th September 2013 of the Ministry of corporate affairs in respect of section 133 of the Companies Act, 2013.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

2.2 Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date.

Although these estimates are based on the managements best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the Profit and Loss Statement in the year in which the results are known / materialised.

2.3 Fixed Assets & Depreciation

(i) Tangible Assets

Fixed Assets are valued at cost, namely, cost of acquisition and other incidental expenses directly related to their installation / erection less accumulated depreciation and impairment, if any. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefit from the existing asset beyond its previously assessed standard of performance.

Depreciation on tangible assets is computed on a pro-rata basis at the rates specified in Schedule XIV of the Companies Act, 1956 on the Straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate on the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the technical estimate of the useful life / remaining useful life. According to this policy, depreciation is provided at the rates indicated below which is higher than the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956

Assets	Rates
Vehicles	20.00%
Furniture and Fixtures	20.00%
Office Equipments (other than computers)	33.33%
Laboratory Equipments	33.33%
Computers	25.00%

Assets individually costing Rs. 10,000 or less are depreciated at the rate of 100%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

(ii) Intangible Assets

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

Assets	Rate
Software licence	33.33%
Technical Know how	33.33%

2.4 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.5 Borrowing Cost

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

2.6 Inventories

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

2.7 Foreign Currency Transaction

Initial Recognition

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

Subsequent Recognition

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

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

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

Forward Exchange Contracts

Forward Contracts for firm commitment and highly probable forecast transactions outstanding as at the year end are marked to market and the resultant loss, if any, is recognized in Profit & Loss statement and in case of gain the same is ignored.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

2.8 Revenue Recognition

Revenue from sales is recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties.

2.9 Other Income

Interest : Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

2.10 Employee Benefits

1. Short - Term employee benefits

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

2. Defined Contribution Plans

Provident Fund

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

Superannuation Fund

This is a defined contribution Plan. The company contributes sum equivalent to 0%, 5%, 10% and 15% of the eligible annual salaries based on the options exercised by the eligible employees to Superannuation Fund administered by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contribution and recognises such contribution as expense as and when due.

3. Defined Benefit Plan

Gratuity

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

4. Other Long term employee benefits

Compensated Absences

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)**2.11 Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant prevailing tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

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

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.12 Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

2.13 Research & Development Expenditure

Revenue expenditure on Research and Development is charged off in the year in which it is incurred. Capital expenditure on Research and Development is included under Fixed Assets.

2.14 Provisions and Contingent Liabilities

Provisions : Provisions are recognised when there is a present obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.15 Earnings Per Share

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
3	Share Capital		
3.1	Authorised		
	1,00,00,000 (March 31, 2013 : 1,00,00,000) equity shares of Rs. 10 each	10.00	10.00
	Issued		
	7,914,980 (March 31, 2013 : 7,914,980) equity shares of Rs. 10 each	7.91	7.91
	Issued, Subscribed and paid up		
	7,914,980 (March 31, 2013 : 7,914,980) equity shares of Rs. 10 each	7.91	7.91
3.2	Reconciliation of number of shares		
	Equity Shares		
	Balance as at the beginning of the year		
	Number of Shares	7,914,980	7,914,980
	Value of shares (Rupees in Crores)	7.91	7.91
	Balance as at the end of the year		
	Number of Shares	7,914,980	7,914,980
	Value of shares (Rupees in Crores)	7.91	7.91
3.3	Rights, preferences and restrictions attached to Shares		
	Equity Shares : The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
3.4	Shares held by holding company		
	3,577,175 shares (March 31, 2013 : 3,367,713 shares) of Rs. 10 each, fully paid up held by Rane Holdings Limited, the Holding Company	3.58	3.37

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
3.5	Details of shares held by shareholders holding more than 5% of the aggregate shares in the company		
	Equity Shares in Numbers		
	Rane Holdings Limited	3,577,175	3,367,713
		(45.19%)	(42.55%)
	Nisshinbo Holdings Inc.	1,595,249	1,595,249
		(20.15%)	(20.15%)
	United India Insurance Company Ltd.	479,030	479,030
		(6.05%)	(6.05%)
4	Reserves and Surplus		
4.1	Securities Premium Account		
	Balance as at the beginning of the year	2.80	2.80
	Balance as at the end of the year	<u>2.80</u>	<u>2.80</u>
4.2	General Reserve		
	Balance as at the beginning of the year	53.39	52.48
	Add : Transferred from surplus in Profit and Loss Statement	1.72	0.91
	Balance as at the end of the year	<u>55.11</u>	<u>53.39</u>
4.3	Surplus in Profit and Loss Statement		
	Balance as at the beginning of the year	37.91	33.40
	Profit for the year	17.21	9.10
	Less : Appropriations		
	Interim dividend on the Equity Shares (Rs. Nil per share (Rs. 2 per share))	-	1.58
	Dividend distribution tax on Interim dividend on Equity Shares	-	0.26
	Proposed dividend on the Equity Shares (Rs. 7.50 per share (Rs. 2 per share)) (Refer Note 25)	5.94	1.58
	Dividend distribution tax on proposed dividend on Equity Shares	1.02	0.26
	Transfer to General Reserve	1.72	0.91
	Balance as at the end of the year	<u>46.44</u>	<u>37.91</u>
		<u>104.35</u>	<u>94.10</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
5	Long - term borrowings		
5.1	Secured		
	Term Loans		
	Foreign Currency Loans from Banks	17.70	34.00
		<u>17.70</u>	<u>34.00</u>
5.1.a	In respect of foreign currency loans availed, the Company has entered into derivative contracts to hedge the loans including interest. This has the effect of freezing the rupee equivalent of these liabilities as reflected under the Borrowings. Thus there is no impact in the Profit & Loss Statement, arising out of exchange fluctuations for the durations of the loans. Consequently, there is no restatement of the loan taken in Foreign Currency. The interest payable in Indian rupees on the borrowings are accounted for in the Profit & Loss Statement.		
5.2	Unsecured		
	Fixed Deposits (Refer Note 5.5)	4.49	5.75
	Deferred Sales Tax Loan	5.30	5.53
		<u>9.79</u>	<u>11.28</u>
		<u>27.49</u>	<u>45.28</u>
5.3	Nature of Security and terms of repayment for secured borrowings		

Nature of Security

- i. Term loan from a Bank (including repayable within one year classified in Note 11 other current liabilities) amounting to Rs. Nil (March 31, 2013 : Rs. 1.92 Crores) are secured by paripasu basis first charge on the company's immovable properties both present and future and also secured by hypothecation of company's movable properties both present and future.
- ii. Term loan from a Bank (including repayable within one year classified in Note 11 other current liabilities) amounting to Rs. 7.13 Crores (March 31, 2013 : Rs. 11.89 Crores) are secured by paripasu basis first charge on the company's immovable properties both present and future and also secured by hypothecation of company's movable properties both present and future.
- iii. Term loan from a Bank (including repayable within one year classified in Note 11 other current liabilities) amounting to Rs. 0.82 Crores (March 31, 2013 : Rs. 2.45 Crores) are secured by way of hypothecation and as sole charge on the Plant & Machinery both present and future situated at Trichy Plant.

Terms of Repayment

- Repayable in 16 equal quarterly instalments from November 26, 2009 along with interest rate of 10.62%
- Repayable in 16 equal quarterly instalments from December 28, 2011 along with interest rate of 8.00%
- Repayable in 12 equal quarterly instalments from October 17, 2011 along with interest rate of 8.22%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

iv. Term loan from a Bank (including repayable within one year classified in Note 11 other current liabilities) amounting to Rs. 16.88 Crores (March 31, 2013 : Rs. 23.02 Crores) are secured by paripasu basis first charge on the company's immovable properties both present and future and also secured by hypothecation of company's movable propoerties both present and future. Repayable in 16 equal quarterly instalments from January 20, 2013 along with interest rate of 7.25%

v. Term loan from a Bank (including repayable within one year classified in Note 11 other current liabilities) amounting to Rs. 9.17 Crores (March 31, 2013 : Rs. 9.17 Crores) are secured by way of first paripasu charge on all the present and future movable fixed assets of the Company Repayable in 8 equal quarterly instalments from May 07, 2014 along with interest rate of 9.50%

5.4 Terms of Repayment for unsecured borrowings:

(i) Deferred Sales Tax Loan - Government of Andhra Pradesh, Commissionerate of Industries issued to the Company Eligibility Certificate No.20/2/8/1551 dated 27th January 1999 for deferral of sales tax beyond the base sales turnover of Rs. 21 Crores for a period of 14 years i.e. from 01.07.1998 to 30.06.2012 which would be treated as interst free loan. The Sales tax deferred for the period from January 1, 1999 to March 31, 2012 aggregating Rs. 5.53 Crores (March 31, 2013 : Rs. 5.75 Crores) has been classified as Unsecured Loan under Long Term Borrowings and current maturities classified under Note 11 Other Current Liabilities. Deferred sales tax loan is repayable in monthly instalments for 14 years beginning from July, 2012.

(ii) Fixed Deposits Repayable as per the terms of individual deposit ranging from 24 months to 36 months from the date of acceptance of deposits

(Rupees in Crores)

	As at 31 March 2014	As at 31 March 2013
5.5 Includes Fixed Deposits		
– held by Directors	0.24	0.67
– held by Relatives	0.37	0.24
6 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Difference between WDV of Fixed Assets as per books and as per Income Tax Act	15.81	11.79
Deferred Tax Assets		
Provision for expenses allowable on payment basis	1.24	1.13
Other timing differences	5.32	1.39
	9.25	9.27

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
7	Other Long-term Liabilities		
	Trade Deposits	0.04	0.04
	Others		
	Interest payable to Micro & Small Enterprises (Refer Note 36)	0.37	–
		<u>0.41</u>	<u>0.04</u>
8	Long-term Provisions		
	Provision for Employee Benefits		
	Provision for Compensated absences (Refer Note No.30(c))	1.90	1.89
	Other Provisions		
	Provision for Litigations / Disputes	–	0.12
	Provision for Sales Tax Disputes*	–	0.00
	Provision for Warranty	0.12	0.03
		<u>2.02</u>	<u>2.04</u>

* Amount Rs. Nil (Rs. 16,164), is below the rounding off norm adopted by the Company.

Provisions:

(Rupees in Crores)

	Litigations / Disputes		Sales Tax Disputes*	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Balance as at the beginning of the year	0.12	0.69	0.00	0.00
Additions	–	–	–	–
Amounts used	–	0.30	–	–
Unused amounts reversed	0.12	0.27	0.00	–
Balance as at the end of the year	–	0.12	–	0.00
Classified as Non-Current	–	0.12	–	0.00
Classified as Current	–	–	–	–
	–	0.12	–	0.00

* Amount Rs. 16,164 (Rs. 16,164), is below the rounding off norm adopted by the Company.

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
9	Short-term Borrowings		
	Secured		
	Working Capital Loans repayable on demand from banks (Refer Note (a) below)	4.15	4.88
	Short-term Loans repayable on demand from bank (Refer Note (b) below)	19.00	10.50
	Buyers Credit / Packing Credit Facility (Refer Note (a) below)	11.13	13.29
		<u>34.28</u>	<u>28.67</u>

(a) Working Capital Loans, Buyers credit and PCFC, from 6 (March 31, 2013 - 6) banks, are secured on paripasu basis by way of hypothecation of all inventories, book debts and other current assets of the Company.

(b) Short term loan from bank is secured on a paripasu basis by way of hypothecation of inventories, book debts and other current assets of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

(Rupees in Crores)

	As at 31 March 2014	As at 31 March 2013
10 Trade Payables		
Acceptances	0.07	-
Trade Payables		
– Due to Micro and Small Enterprises (Refer Note 36)	1.95	1.48
– Others	46.21	46.24
	<u>48.23</u>	<u>47.72</u>
11 Other Current Liabilities		
Current Maturities of Long-term debt		
– Term Loan Repayable Within One year (Refer note 5.3)	16.29	14.44
– Fixed Deposits repayable within one year	2.27	1.28
– Deferred Sales Tax Loan repayable within one year	0.23	0.22
Interest accrued but not due on borrowings	1.44	1.19
Unpaid dividends (Refer note (a) below)	0.12	0.13
Statutory dues including Provident Fund and Tax deducted at Source	3.97	3.26
Creditors for Capital Goods	0.52	1.88
Others	0.32	0.27
	<u>25.16</u>	<u>22.67</u>
(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end		
12 Short Term Provisions		
Provision for Employee benefits		
Provision for Compensated absence (Refer Note 30(c))	1.23	1.10
Provision for Gratuity	-	0.78
Other provisions		
Provision for Warranty (Refer Note below)	0.22	0.09
Income Tax net of Advance taxes (Refer note (a) below)	0.44	-
Proposed Dividend on Equity Shares	5.94	1.58
Dividend Distribution Tax on above	1.01	0.26
	<u>8.84</u>	<u>3.81</u>

(a) Net of advance taxes Rs. 61.39 Crores (Previous year Rs. 59.88 Crores)

Warranty Provisions

Particulars	Warranty - Short Term		Warranty - Long Term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Balance as at the beginning of the year	0.09	-	0.03	0.05
Additions / Transfers	0.22	0.09	0.09	0.10
Amounts used / Transfers	0.09	-	-	-
Unused amounts reversed	-	-	-	0.12
Balance as at the end of the year	0.22	0.09	0.12	0.03

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

Note No. 13 & 14 : Tangible & Intangible Assets and Capital Work in Progress

(Rupees in Crores)

Description	Gross Block - At Cost			Depreciation			Net Block	
	April 1, 2013	March 31, 2014	April 1, 2013	For the year	March 31, 2014	March 31, 2014	March 31, 2013	
	Additions	Disposal		Disposals / Adjustments				
13 Tangible Assets								
Own Assets								
Land	3.77	-	3.77	-	-	3.77	3.77	
Buildings	2.49	1.28	3.77	-	-	3.77	2.49	
Plant and Equipment	39.11	4.36	43.47	1.39	10.72	32.75	29.78	
Furniture and Fixtures	37.78	1.33	39.11	1.26	9.33	29.78	29.71	
Vehicles	202.64	23.48	225.22	16.09	130.20	95.02	87.62	
Office Equipment	187.51	15.73	202.64	15.60	115.02	87.62	87.53	
	1.21	0.23	1.41	0.13	1.02	0.39	0.30	
	1.02	0.25	1.21	0.23	0.91	0.30	0.30	
	0.61	0.01	0.61	0.08	0.43	0.18	0.26	
	0.61	-	0.61	0.11	0.35	0.26	0.37	
	6.60	0.37	6.97	0.38	6.33	0.64	0.65	
	6.18	0.43	6.60	0.55	5.95	0.65	0.77	
Previous year	253.94	28.45	281.45	18.07	148.70	132.75	122.38	
	235.59	19.02	253.94	17.75	131.56	122.38	121.17	
14 Intangible Assets								
Own Assets (Acquired)								
Software Licence	1.30	0.04	1.34	0.14	1.14	0.20	0.30	
Technical Knowhow	1.01	0.29	1.30	0.12	1.00	0.30	0.13	
Others	1.78	-	1.78	-	1.78	0.00	0.00	
Goodwill	1.78	-	1.78	-	1.78	-	-	
	1.62	0.00	1.62	-	1.62	0.00	0.00	
	1.62	-	1.62	-	1.62	-	-	
Previous year	4.70	0.03	4.74	0.15	4.54	0.20	0.30	
	4.41	0.29	4.70	0.12	4.40	0.30	0.13	
Capital Work in Progress								
Previous year						0.38	18.58	
						18.58	2.68	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
15	Non-current Investment		
15.1	Un Quoted (Trade)		
	Investment in Equity instruments (TCW Renewable Energy India Pvt. Ltd., 408,969 shares - Face value of Rs. 10/- for a consideration of Rs. 9.02 each)	0.37	-
		0.37	-
16	Long Term Loans and Advances		
	Unsecured, considered good (unless otherwise stated)		
	Capital Advances	0.24	0.77
	Security Deposits	0.17	0.20
	Interest Free Loan to Rane Foundation (Refer note (a))	0.75	0.75
	Income Tax	-	1.59
	Fringe benefits tax	0.05	0.05
	Minimum Alternative Tax Credit (Refer note (b))	4.97	0.96
	Rent Advance	0.02	
	Other loans and advances		
	Balance with Government Authorities (Refer note (c))	0.68	0.63
	Balance with Electricity Board	2.23	1.87
	Unsecured, considered doubtful		
	Other Loans & Advances	0.10	-
	Less : Provision for doubtful advances	(0.10)	-
		9.11	6.84
	(a) Interest free loan given to a Trust in which Chairman and some of the directors are Trustees	0.75	0.75
	(b) The amount of MAT credit taken Credit for in the Profit & Loss statement includes an amount of Rs. 0.46 crores pertaining to an earlier year.		
	(c) Includes Sales tax and Excise deposit	0.54	0.48
17	Other Non current assets		
	Unsecured, considered good (unless otherwise stated)		
	Long term deposits with banks with maturity period more than 12 months (Refer note (a) below)	0.20	0.20
	Other Bank Balances		
	Unpaid Dividend Account	0.12	0.13
	Interest Warrant Account	0.01	0.01
		0.33	0.34

(a) Represents deposit held by Electricity Department for Puducherry Plant towards Security Deposit.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
18	Inventories		
	Stores and Spares	1.25	1.59
	Raw Materials (includes in transit : Rs. 1.25, March 31, 2013 : Rs. 1.98)	16.15	16.92
	Finished Goods (Refer Note a (i))	7.10	6.27
	Work - in - Progress (Refer Note a (ii))	3.43	3.38
		27.93	28.16
	(a) Details of Inventory		
	(i) Finished Goods		
	Brake Linings	3.62	3.52
	Disc Pads	2.78	2.01
	Clutch Facings	0.30	0.24
	Railway Brake Blocks	0.01	-
	Others	0.39	0.50
		7.10	6.27
	(ii) Details of Work in progress		
	Brake Linings	1.80	1.78
	Disc Pads	1.18	1.02
	Clutch Facings	0.26	0.28
	Railway Brake Blocks	0.19	0.30
		3.43	3.38
18.1	Method of Valuation of Inventory : Refer Note 2.6 of Significant Accounting Policies		
19	Trade Receivables		
	Unsecured Considered good		
	- Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
	- Others	86.13	75.16
	Unsecured Considered Doubtful		
	- Outstanding for a period exceeding 6 months from the date they are due for payment	0.64	0.66
	- Others	0.19	0.07
	Less : Provision for Doubtful debts	(0.83)	(0.73)
		86.13	75.16

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
20	Cash and Bank Balances		
	Cash and Cash Equivalents		
	- Cash on hand	0.03	0.02
	Bank Balances		
	- In Current Accounts	<u>3.04</u>	<u>1.12</u>
		3.07	1.14
	Other Bank Balances		
	- Demand deposits (less than 3 months maturity)	0.20	1.19
	- Long term deposit with maturity more than 3 months but less than 12 months (Refer Note (a) below)	<u>0.01</u>	<u>0.01</u>
		<u>3.28</u>	<u>2.34</u>
	(a) Held as margin by bank against bank guarantees		
21	Short Term Loans and Advances		
	Unsecured, considered good, unless otherwise stated		
	Advances Recoverable in Cash or in Kind	2.30	1.24
	Other loans and advances		
	- Balance with Government Authorities	0.22	0.76
	- Others	3.12	4.30
	Prepaid Expenses	0.80	0.83
	Gratuity Fund Balance (Refer Note 30(b))	<u>0.75</u>	<u>-</u>
		<u>7.19</u>	<u>7.13</u>
22	Other Current Assets		
	Unsecured, considered good, unless otherwise stated		
	Interest accrued on Deposits	<u>0.27</u>	<u>0.28</u>
		<u>0.27</u>	<u>0.28</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2014	As at 31 March 2013
23	Contingent Liabilities		
	Claims against the company not acknowledged as debt		
	Income Tax matters	6.41	4.01
	Sales Tax matters	1.79	1.31
	Excise Duty matters	0.74	1.73
	Service Tax matters	1.87	1.70
		10.81	8.75
	(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. Future cash outflows in respect of the above are determinable only on receipt of the judgements / decisions pending with various forums / authorities.		
	(b) The Company does not expect any reimbursements from third parties in respect of the above contingent liabilities.		
24	Capital and other Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	2.95	4.36
		2.95	4.36
25	Proposed Dividend		
	The final dividend proposed for the year is as follows:		
	On Equity shares of Rs. 10/- each		
	Amount of dividend proposed	5.94	1.58
	Dividend per Equity Share	Rs. 7.50 Per Share	Rs. 2 Per Share

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2014	Year ended 31 March 2013
26	Revenue		
	Sale of Products (Gross)		
	Finished Goods	433.19	425.03
	Other Operating revenues		
	Sale of Materials	0.11	0.06
	Scrap Sales	0.54	0.53
	Revenue from Operations (Gross)	433.84	425.62
	Less : Excise duty	49.73	49.18
	Revenue from Operations (Net)	<u>384.11</u>	<u>376.44</u>
	(a) Details of Sales (Finished goods)		
	Brake Linings	183.81	189.39
	Disc Pads	148.81	143.95
	Clutch Facings	9.78	9.48
	Railway Brake Blocks	29.82	24.46
	Others	11.80	9.11
	Sales (net)	<u>384.02</u>	<u>376.39</u>
	(b) Details of sales (Traded goods)		
	Raw Materials	0.09	0.05
		<u>0.09</u>	<u>0.05</u>
27	Other Income		
	Interest Income	0.22	0.57
	Dividend Income *	0.00	-
	Provision/Liabilities written back to the extent no longer required	1.01	2.37
	Profit on Sale of Asset (Net)	0.02	0.08
	Other non-operating income - Net	1.15	0.22
		<u>2.40</u>	<u>3.24</u>

* Amount, Rs. 1,015 (previous year Rs. Nil) in the Current year, is below the rounding off norm adopted by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2014	Year ended 31 March 2013
28	Cost of materials Consumed		
	Raw materials and components consumed		
	Opening Inventory	1.92	20.96
	Add : Purchases	186.54	190.65
	Less : Inventory at the end of the year	16.15	16.92
		<u>187.31</u>	<u>194.69</u>
	Freight Inward	3.81	3.56
	Job Work Expenses	3.60	3.39
		<u>194.72</u>	<u>201.64</u>
	Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure. The consumption is inclusive of Exchange rate fluctuation. Refer Note 34(g)(iii)		
29	Changes in inventory of finished goods and work in progress and Stock in Trade		
	(Increase) / decrease in stocks		
	Stock at the beginning of the year :		
	Finished Goods	6.27	2.88
	Work-in-progress	3.38	2.77
	Total - A	<u>9.65</u>	<u>5.65</u>
	Stock at the end of the year :		
	Finished Goods	7.10	6.27
	Work-in-progress	3.43	3.38
	Total - B	<u>10.53</u>	<u>9.65</u>
	(Increase) / Decrease in Stocks (A - B)	<u>(0.88)</u>	<u>(4.00)</u>
30	Employee Benefit Expenses		
	Salaries, Wages and Bonus	41.75	39.00
	Contribution to Provident and Other Funds	3.07	2.70
	Gratuity (Refer note (b) below)	(0.59)	0.78
	Staff Welfare Expenses	8.29	6.78
		<u>52.52</u>	<u>49.26</u>
	(a) Defined Contribution Plans		
	During the year the following amounts have been recognised in the Profit and Loss Statement on account of defined contribution plans :		
	Employers contribution to Provident Fund	2.68	2.31
	Employers contribution to Employee's State Insurance	0.19	0.14
	Employers contribution to Superannuation Fund	0.39	0.38

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

(b) Defined benefit Plans (Funded)

Gratuity: Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

	(Rupees in Crores)	
Gratuity	Year ended 31 March 2014	Year ended 31 March 2013
(i) Present value of Defined benefit obligation		
Balance at the beginning of the year	10.00	8.72
Current service cost	0.76	0.69
Interest cost	0.78	0.69
Actuarial (gain) / loss	(1.30)	0.15
Benefits paid	(0.50)	(0.25)
Balance at the end of the year	9.74	10.00
(ii) Fair Value of plan assets		
Balance at the beginning of the year	9.22	7.04
Expected return on plan assets	0.83	0.74
Contribution by the company	0.93	1.69
Benefits paid	(0.49)	(0.25)
Balance at the end of the year	10.49	9.22
(iii) Assets and Liabilities recognised in the Balance sheet		
Present value of Defined Benefit obligation	9.74	10.00
Less : Fair Value of Plan Assets	(10.49)	(9.22)
Amounts recognised as liability	(0.75)	0.78
Recognised under :		
Long Term Provision	-	-
Short Term Provision	(0.75)	0.78
Current Liabilities	-	-
	(0.75)	0.78
(iv) Expense recognised in the Profit and Loss statement		
Current service cost	0.76	0.69
Interest cost	0.78	0.69
Expected return on plan assets	(0.88)	(0.72)
Actuarial (gain) / loss recognised in the year	(1.25)	0.12
Past Service Cost	-	-
Settlements	-	-
Curtailments	-	-
	(0.59)	0.78

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

(Rupees in Crores)

	31 March 2014	Year ended			
		31 March 2013	31 March 2012	31 March 2011	31 March 2010
(v) Actuarial Assumptions					
Discount rate	9.20%	8.00%	8.00%	8.00%	8.00%
Expected return on plan assets	8.85%	9.30%	9.30%	9.30%	9.30%
Salary Growth Rate	8.00%	8.00%	8.00%	8.00%	8.00%
Attrition rate	1.50%	1.50%	1-3%	1-3%	1-3%
(vi) Amounts recognised in current year and previous four years					
Gratuity					
Defined Benefit Obligation	9.74	10.00	8.72	6.60	6.36
Plan Assets	10.49	9.22	7.04	6.38	4.60
Surplus / Deficit	(0.75)	0.78	1.68	0.22	1.76

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market. The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

(c) Compensated Absences (Vesting and Non-vesting unfunded)

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

The Company accounts its liability for long term compensated absences based on actuarial valuation, as at the balance sheet date, determined every year by an independent actuary using the Projected Unit Credit method. Actuarial gains and losses are recognised in the profit and loss account in the year in which they occur.

	Year ended 31 March 2014	Year ended 31 March 2013
Assumptions		
Discount Rate	8.00%	8.00%
Salary escalation rate	9.30%	9.30%
Attrition rate	1.50%	1.50%
The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.		
31 Finance Costs		
Interest Expense		
Term Loans	4.44	4.21
Fixed Deposits	0.77	0.83
Working Capital Loans	2.17	1.90
Other borrowing costs	0.29	0.35
	<u>7.67</u>	<u>7.29</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2014	Year ended 31 March 2013
32	Depreciation and Amortisation Expense (Refer note 13 & 14)		
	Depreciation on Tangible assets	18.07	17.75
	Amortisation on Intangible assets	0.15	0.12
		<u>18.22</u>	<u>17.87</u>
33	Other Expenses		
	Consumption of Stores and Spare parts (Refer Note 34(d))	6.22	6.34
	Excise Duty (Refer note (a) below)	0.39	0.64
	Power and fuel	23.17	27.60
	Rent	0.09	0.08
	Repairs & Maintenance		
	Buildings	0.39	0.02
	Machinery	7.01	6.43
	Others	2.83	2.70
	Insurance	0.69	0.62
	Rates and taxes	1.31	1.16
	Travelling and Conveyance	3.63	3.35
	Professional Charges	7.05	6.64
	Royalty and Technical Fees	3.75	3.54
	Freight Outward	7.75	7.37
	Packing and Forwarding	7.17	7.07
	Advertisement and Sales Promotion	3.00	1.74
	Discount and Incentive	11.50	11.12
	Sales Commission	2.48	2.02
	Product Warranty	0.22	0.09
	Trade Mark Fee	2.01	2.01
	Provision for Bad & Doubtful debts	0.54	0.57
	Directors' Sitting Fees	0.09	0.07
	Donation	0.43	0.43
	Auditors' Remuneration - Refer Note 33.1 below	0.12	0.12
	Miscellaneous Expenses	5.61	4.92
		<u>97.45</u>	<u>96.65</u>
	(a) Excise Duty on Sale of products has been deducted from sales revenue and Excise Duty shown under Other Expense represents the difference between Excise Duty on opening and closing stock of finished goods.		
33.1	Auditors' Remuneration		
	a. Audit fee	0.08	0.08
	b. Tax Audit Fee	0.01	0.01
	c. Other services	0.03	0.03
	d. Reimbursement of expenses*	0.00	0.00
		<u>0.12</u>	<u>0.12</u>

* Amount Rs. 16,913 (March 31, 2013 : Rs. 8,333), is below the rounding off norm adopted by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

(Rupees in Crores)

34 Additional Information to the financial statements	Year ended 31 March 2014	Year ended 31 March 2013
	(a) Raw Materials consumed	
i) Asbestos	17.44	18.15
ii) Chemicals & Resins	133.33	139.21
iii) Steel Components	36.05	34.78
iv) Others	0.49	2.55
	187.31	194.69
(b) CIF Value of Imports		
i) Raw Materials	74.89	73.77
ii) Components and spare parts	-	-
iii) Capital goods	2.07	9.88
	76.96	83.65
(c) Expenditure in foreign currency		
i) Royalty (Net of tax)	3.37	3.19
ii) Technical Fees (Net of tax)	1.27	1.51
iii) Travelling	0.03	0.01
iv) Sales Commission	0.36	0.30
v) Professional and Consultancy Charges	0.67	0.55
	5.70	5.56
(d) Value of imported and indigenous raw materials, components and spares consumed and percentage of each to the total consumption :		

Particulars	Year ended			
	March 31, 2014		March 31, 2013	
	Value	Percentage	Value	Percentage
i) Raw Materials				
a) Imported	86.44	45%	89.79	45%
b) Indigenous	100.86	52%	104.90	52%
ii) Stores and Spare Parts				
a) Imported	-	-	-	-
b) Indigenous	6.22	3%	6.34	3%
	193.52	100%	201.03	100%

(e) Amount remitted in foreign currencies towards dividends during the year :

Particulars	Year ended					
	March 31, 2014			March 31, 2013		
	No. of Non-resident share holders	No. of equity shares held	Dividend remitted	No. of Non-resident share holders	No. of equity shares held	Dividend remitted
Interim Dividend paid during the year	1	1,595,249	-	1	1,595,249	0.32
Final Dividend paid during the year	1	1,595,249	0.32	1	1,595,249	0.48

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2014	Year ended 31 March 2013
	(f) Earnings in foreign currency		
	FOB Value of exports	26.33	21.09
		26.33	21.09
	(g) Other Financial Information		
	Outstanding Bank Guarantees	2.73	2.14
	Outstanding Letter of Credit	0.26	1.03
	Net exchange difference debited to Profit and Loss Statement	0.05	(0.56)
		3.04	2.61
	(h) Research and Development Cost		
	Capital Expenditure	12.51	0.72
	Revenue Expenditure	6.53	6.08
		19.04	6.80
35	Managerial Remuneration		
	(a) Remuneration to Manager - Approved by Remuneration Committee		
	Salaries and Allowances	0.66	0.65
	Contribution to provident and Other Funds	0.09	0.09
	Perquisites*	0.01	0.00
		0.76	0.74
	(b) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 and calculation of Commission to Chairman		
	Profit before tax	16.73	10.92
	Commission to Chairman	0.17	0.11
	Directors sitting fees	0.09	0.07
	Adjusted Profit	16.99	11.10
	Commission @ 1%	0.17	0.11
	Restricted to	0.17	0.11

* Amount of Rs. 1,26,320 (March 31, 2013 : Rs. 30,943) is below the rounding off norm adopted by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

(Rupees in Crores)

	Year ended 31 March 2014	Year ended 31 March 2013
36 Dues to Micro and Small enterprises		
Dues to Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the company. This has been relied upon by the Auditors. According to the records available with the Company certain amount have been identified as dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows :		
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.95	1.48
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	11.06	11.35
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.28	0.22
Further interest remaining due and payable for earlier years	-	-

37 Segment Reporting

The Company is engaged in the business of manufacture of "components for Transportation Industry" which is considered to be the only reportable business segment as per the Accounting Standard 17. 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.

38 Earnings per Share

	31 March 2014	31 March 2013
(a) Basic		
Profit after tax	17.21	9.10
Adjusted net profit for the year	17.21	9.10
Weighted average number of shares outstanding	7,914,980	7,914,980
Basic EPS	21.76	11.50
(b) Diluted		
Diluted EPS	21.76	11.50
Face value per share (Rs.)	10.00	10.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

39 Related Party Disclosures

(a) Names of related parties and nature of relationship :

- | | |
|--|---|
| (i) Holding Company | Rane Holdings Limited (RHL) |
| (ii) Fellow subsidiaries | Rane (Madras) Limited (RML)
Rane Engine Valve Limited (REVL)
Rane Holdings America Inc. (RHAI) |
| (iii) Significant influence | Nisshinbo Holdings Inc. (NHI) |
| (iv) Key Management Personnel (KMP) | Mr. L Ganesh - Chairman
Mr. P S Rao - Manager under the Companies Act, 1956 w.e.f. April 01, 2012 |
| (v) Relatives of KMP (L Ganesh & P S Rao) | Mrs. Meenakshi Ganesh, Mr. Aditya Ganesh,
Mrs. Aparna Ganesh, Mr. L. Lakshman,
Mrs. Hema C Kumar, Mrs. Shanthi Narayan,
Mrs. Vanaja Aghoram and
Mrs. Poduri Lakshmi Rao |
| (vi) Enterprise over which KMP / Relatives of KMP exercise significant influence | Kar Mobiles Limited (KML)
Rane Foundation (RF)
Ganesh (HUF)
Lakshman (HUF) |

(b) 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.

(c) Transactions / Balances

(Rupees in Crores)

Description	Holding Company		Fellow Subsidiary		KMP		Relatives of KMP		Enterprise over which KMP / relatives of KMP exercise significant influence		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Transactions during the year												
Trade Mark Fee	2.01	2.01	-	-	-	-	-	-	-	-	2.01	2.01
Professional Charges	3.77	3.45	0.24	0.19	-	-	-	-	-	-	4.01	3.64
Reimbursement of expenses	-	-	0.00	0.01	-	-	-	-	-	-	0.00	0.01
Remuneration to P.S. Rao	-	-	-	-	-	-	0.76	0.74	-	-	0.76	0.74
Commission to Chairman	-	-	-	-	0.17	0.11	-	-	-	-	0.17	0.11
Fixed deposits Accepted	-	-	-	-	-	0.05	0.05	0.08	0.09	0.19	0.14	0.32
Fixed deposits Renewed / Repaid	-	-	-	-	-	0.05	0.48	0.35	-	0.19	0.48	0.59
Interest on Fixed Deposits	-	-	-	-	0.01	0.01	0.04	0.07	0.02	0.02	0.07	0.10
Sitting fees paid	-	-	-	-	-	-	0.01	-	-	-	0.01	-
Donation	-	-	-	-	-	-	-	-	0.40	0.40	0.40	0.40
Balance as at year end												
Payables												
Fixed Deposits	-	-	-	-	0.05	0.05	0.28	0.57	-	0.19	0.33	0.81
Receivables												
Interest Free Loan	-	-	-	-	-	-	-	-	0.75	0.75	0.75	0.75
Fellow Subsidiary*	-	-	-	0.00	-	-	-	-	-	-	-	0.00

* Amount of Rs. Nil (March 31, 2013 : Rs. 46,250) was below the rounding off norm adopted by the Company.

Rane Brake Lining Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

40 Category Wise quantitative data about derivate instruments outstanding at the Balance Sheet Date

(Foreign Currency in Crores)

Particulars	March 31, 2014	March 31, 2013
Foreign Currency Exposures that are directly hedged by a derivative instrument or otherwise		
Receivables		
DOLLAR	-	-
EURO	-	-
GBP	0.01	0.01
AUD	-	-
Payables		
DOLLAR	-	-
EURO	-	-
GBP	-	-
JPY	4.20	-
Foreign Currency Exposures that are not directly hedged by a derivative instrument or otherwise		
Due to Creditors		
DOLLAR	0.00	0.01
EURO	0.00	0.00
GBP	-	-
JPY	1.02	6.90
Due from Debtors		
DOLLAR	0.05	0.05
EURO	0.00	0.00
GBP	0.00	0.00
AUD	-	0.01
Foreign Currency Loan		
DOLLAR	-	-
EURO	-	-
GBP	-	-
JPY	-	-

41 The figures for the previous year have been regrouped wherever necessary to conform to current year's classification. Figures have also been rounded off to Crores of rupees.

Signature to Notes 1 to 41

For **Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

For and on behalf of the Board

P R PRASANNA VARMA
Partner
(Membership No. 025854)

L GANESH
Chairman

HARISH LAKSHMAN
Director

Place : Chennai
Date : May 21, 2014

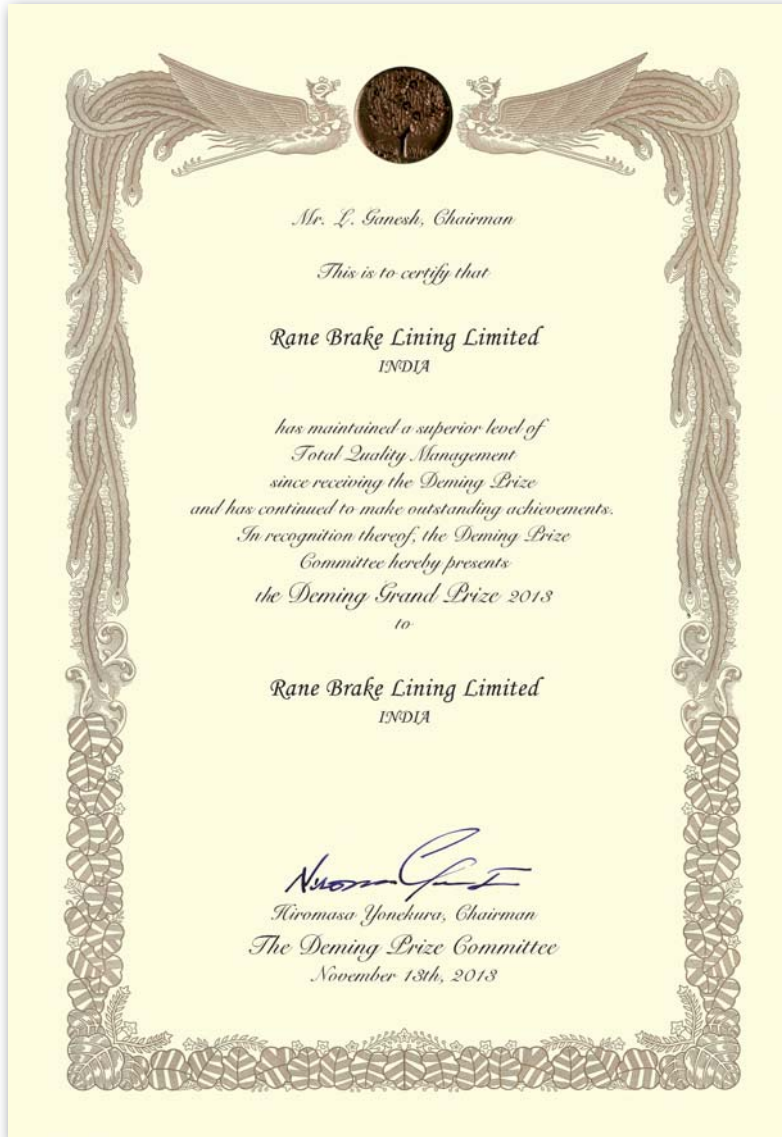
P S RAO
Manager

M A P SRIDHAR KUMAR
Chief Financial Officer

G KARTHIKEYAN
Secretary

NOTES


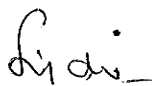
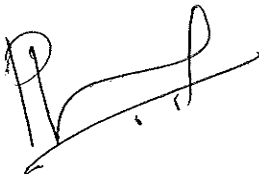
NOTES



“First Company in the world in friction material industry to win this prestigious award”

FORM A

**Format of covering letter of the annual audit report
to be filed with the stock exchanges**

1.	Name of the Company:	Rane Brake Lining Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	P S Rao Manager	
	M A P Sridhar Kumar General Manager – Finance	
	P R Prasanna Varma VARMA & VARMA, Chartered Accountants, Auditors	
	S Sandilya Audit Committee Chairman	