



Dream. Design. Deliver.



**Rane Brake Lining Limited**

12<sup>th</sup> Annual Report 2016-17



Expanding Horizons

# What's inside?

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### Caution regarding forward-looking statements

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





# Dream. Design. Deliver.

Creating a dream is not an easy task... so many things we aspire for, so many things to consider. We were at similar crossroads in 2010 after laying a solid foundation of operational excellence. We realized it was time to dream big, it was time to have a laser sharp focus on creating a Decade of Profitable Growth.

When we envision a dream, it seems distant... far away. Even impossible. This is because there is no magic formula to bridge the journey between Dream and Deliver. It is imperative to Design a route that will deliver the dream. We know that it is not a simple task and the route is not a single, long straight path but a road which will require the sweat, determination and hard work of each employee to complete the journey. The past few years has seen us stepping up the pace on the designed path. Yes, there have been course corrections as we progressed but the early results of our strategy are starting to become visible. It gives us confidence on the direction taken and the course designed to ensure a flawless delivery of profitable growth in the years to come. As we step closer to the Dream, we are confident that the Design is right, further boosting our motivation to keep working hard, and start delivering to all our stakeholders.

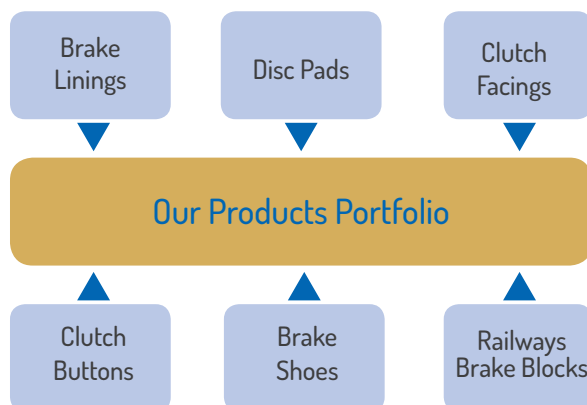
# The World of Rane Brake Lining

Part of the Rane Group, Rane Brake Lining Limited was established in 1964. The Company manufactures and markets auto components viz., 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

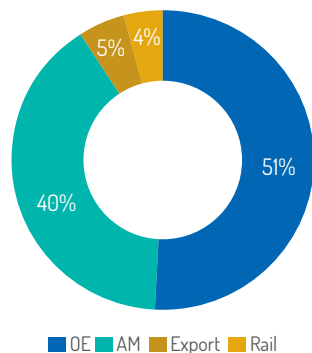
railways. With a technical and equity collaboration with Nisshinbo Group, Japan, the Company is a market leader in India and also has a strong presence in the international markets.

## Vision

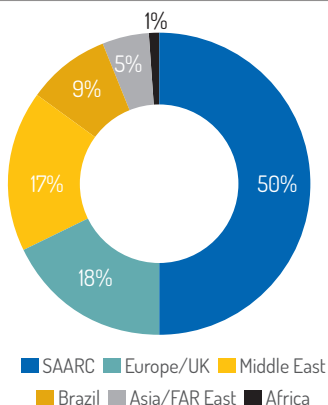
To establish global presence and enhance domestic leadership by providing eco-friendly friction solutions.



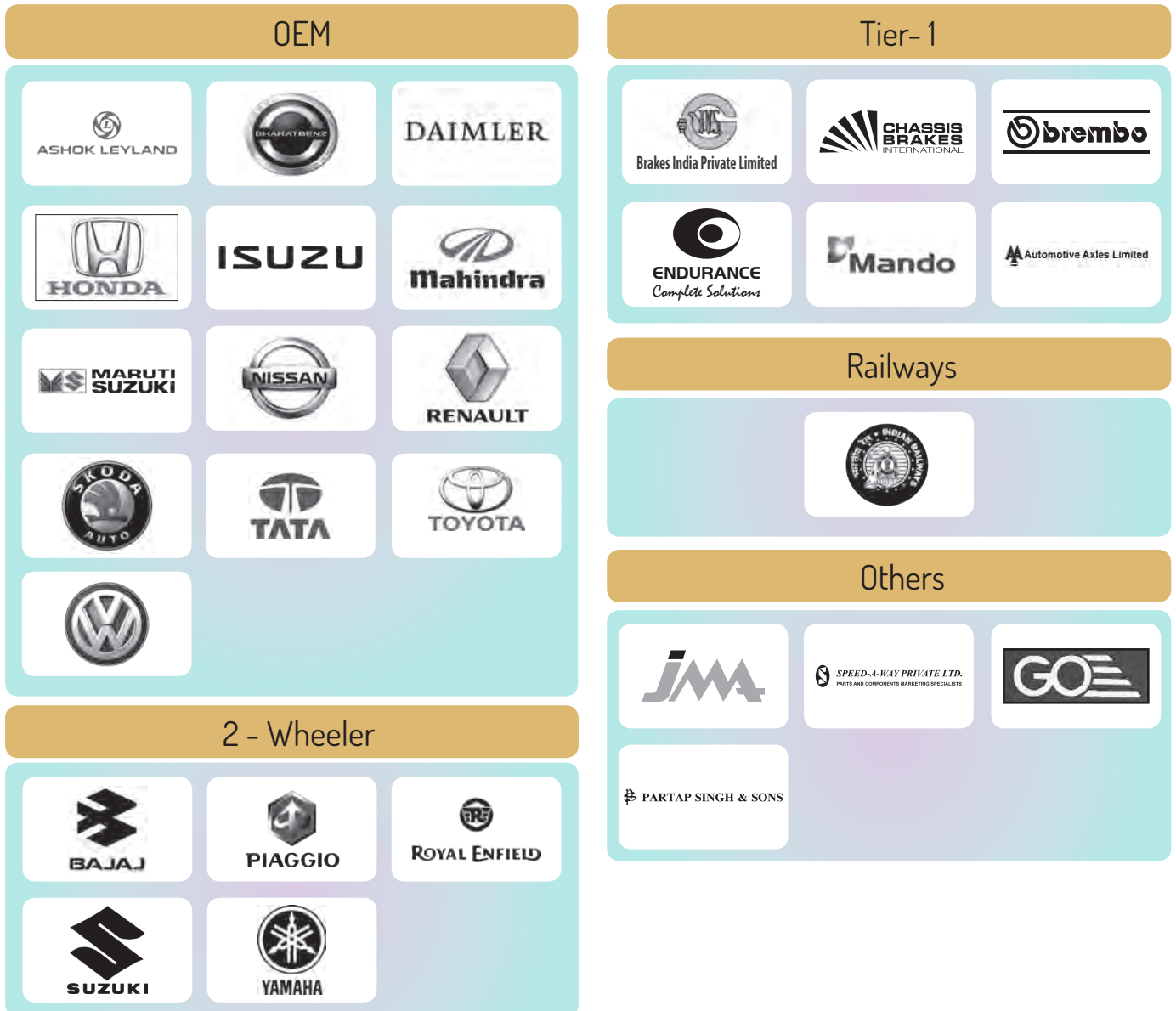
Revenue Mix by User Segment (FY17)



Export Revenue Mix by Geography (FY17)



## Key Customers



## Manufacturing Plants

Locations	Products
Chennai	Brake linings, Disc pads, Clutch facings and Composite brake blocks
Hyderabad	Brake linings, Sintered clutch buttons, Composite brake blocks
Puducherry	Disc pads and Composite brake blocks
Trichy	Disc pads and Brake linings

## Quality Accreditation

ISO 9000:2008	Quality Management
TS16949:2009	Quality Management
OHSAS 18001:2007	Occupational Health and Safety Management
ISO 14001:2015	Environmental Management
Deming Prize	Total Quality Management (TQM)
Deming Grand Prize	Excellence in TQM

# Financial Highlights

(₹ in Crore)

Particulars	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Total Income	491.96	451.64	418.49	386.51	379.68	363.52	308.32	237.68	193.15	184.27
Earnings Before Interest, Tax, Depreciation & Amortisation	77.32	57.65	47.56	42.61	36.08	43.76	36.49	30.20	21.25	23.29
Profit Before Tax (PBT)	42.36	35.48	20.60	16.73	10.92	21.90	19.67	14.93	4.32	11.19
Profit After Tax (PAT)	34.72	25.76	16.11	17.21	9.10	16.19	15.29	10.09	2.89	8.94
Return on Capital Employed (RoCE) %	33.20	21.90	13.82	12.10	9.31	16.41	16.72	14.49	7.81	9.71
Return on Net Worth (RoNW) %	22.78	19.84	13.77	16.07	9.16	17.65	18.76	14.12	4.43	9.91
Earnings per share (₹)	43.86	32.54	20.36	21.76	11.50	20.45	19.31	12.78	4.01	12.39
Dividend (%)	150.00	100.00	70.00	75.00	40.00	70.00	50.00	45.00	20.00	40.00
Book Value per share (₹)	210.91	174.27	153.77	141.84	128.88	122.03	109.72	96.50	92.49	88.38

# Balance Sheet Highlights\*

(₹ in Crore)

Particulars	FY17	FY16	FY15	FY14	FY13	FY12	FY11
Equity Share Capital	7.91	7.91	7.91	7.91	7.91	7.91	7.91
Shareholders' Fund	166.93	137.93	121.71	112.27	102.01	96.59	86.84
Non-current Liabilities	7.95	14.34	23.83	39.16	56.63	59.55	46.79
Current Liabilities	104.21	103.61	109.55	116.51	102.87	95.60	73.22
Non-current Assets	137.23	118.36	129.50	143.14	148.44	132.28	115.14
Current Assets	141.84	137.52	125.60	124.81	113.07	119.46	91.71

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

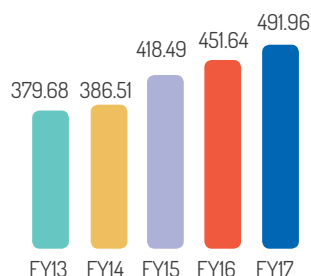
## Business Highlights

- Continued to maintain global benchmarks in quality standards at Trichy, Chennai and Hyderabad plants
- Aimed to achieve operational efficiency through automation at Chennai
- Enhanced technical Capabilities by investing in a new Dynamometer
- Successfully accomplished post DGP review post winning the Deming Prize in 2013
- Going green – installation of 2 MW solar power unit in Tamil Nadu

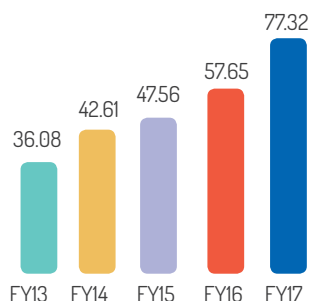


# Key Performance Indicators

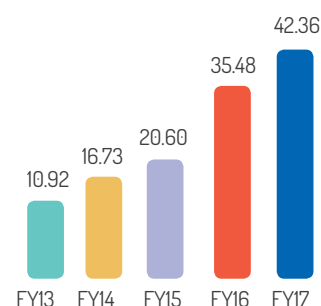
## Total Income (₹ in Crore)



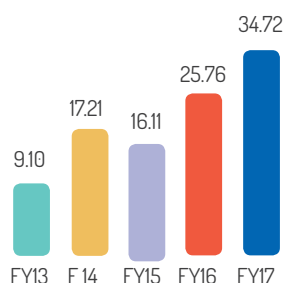
## EBITDA (₹ in Crore)



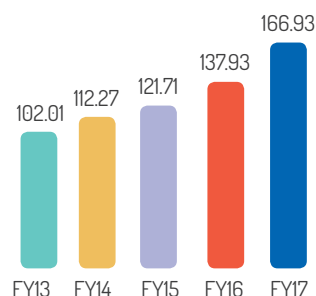
## PBT (₹ in Crore)



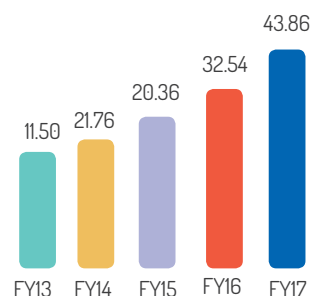
## PAT (₹ in Crore)



## Net Worth (₹ in Crore)



## EPS (in ₹)



## Awards & Accolades

- Certified as 'Great Workplace' by Great Place to Work® Institute, India
- Bagged HR Excellence award in 'Large' category from ACMA
- Won Certificate for best Health & Safety award from National Safety Council
- Received Award for Energy Excellence from CII
- Accredited with Certification of Performance in Friction Material
- Won various Awards on Quality and Productivity from CII, ACMA, QCPI and other reputed organisations



# From the Desk of the Chairman

Dear Shareholders,

Fiscal 16-17 was a good year of delivering on the Vision of Decade of Profitable Growth.

In line with the vision of profitable growth, the Company had rolled out cost reduction initiatives to improve margins. It was year which saw a focus on building stronger OEM relationships and continued focus on R&D capabilities to have a stronger and larger product portfolio.

While total income has grown by 9% to ₹ 491.96 Crores, EBITDA and PAT have grown at a much faster pace. Since FY12, total income has grown at a CAGR of 6%, however, EBITDA and PAT have grown by 12% and 16%, respectively.

A strong product portfolio with a best in class product line helped the Company post a 10% revenue increase in the Domestic market. This was partly led by the OEM business which grew by 16% during the fiscal and the aftermarkets segment which saw a growth of 8% during the year. Railway business went down by 34%.

Looking forward, I am bullish on the Indian economy and the automotive segment. The rollout of the Goods and Service Tax is expected to further aid the growth of the economy. Normal monsoon, low interest regime, strong rural demand are likely to further fuel the growth.

The Company will continue to roll out multiple initiatives to seize the growth opportunity. These include a strong focus on R&D to create state of art and world class product portfolio, building capacities to support new and existing OEM customers and innovative, cost competitive new products for the aftermarkets. We continue to invest in our key asset – people, to build capabilities to prepare them to take on the challenges and deliver on our Vision.

On behalf of the Board of Directors of Rane Brake Lining Ltd., I thank our stakeholders – Employees, Customers, Vendors, Investors, Bankers and Communities – and remain committed and sincere in our efforts to keep delivering better value in the years ahead.

Regards,  
L Ganesh  
Chairman





### Board of Directors

L GANESH

*Chairman*

VINAY LAKSHMAN

*Managing Director*

ANIL KUMAR VENKAT EPUR

HARISH LAKSHMAN

KAZUHIRO IWATA

*(Nominee of Nisshinbo Holdings Inc., Japan)*

L LAKSHMAN

P S KUMAR

RANJANA KUMAR

S SANDILYA

SURESH CHANDRA GUPTA

### Audit Committee

S SANDILYA

*Chairman*

L GANESH

P S KUMAR

SURESH CHANDRA GUPTA

### Stakeholders' Relationship Committee

L LAKSHMAN

*Chairman*

SURESH CHANDRA GUPTA

L GANESH

### Nomination and Remuneration Committee

S SANDILYA

*Chairman*

L GANESH

P S KUMAR

SURESH CHANDRA GUPTA

### Corporate Social Responsibility Committee

L LAKSHMAN

*Chairman*

L GANESH

SURESH CHANDRA GUPTA

### Vice President - Finance / Chief Financial Officer

M A P SRIDHAR KUMAR

### Secretary

VENKATRAMAN

### Listing of Shares on

BSE Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

### Statutory Auditors

Varma & Varma

Chartered Accountants

105, "Sreela Terrace" First Main Road

Gandhi Nagar, Adyar,

Chennai - 600 020

### Secretarial Auditors

S Krishnamurthy & Co;

Company Secretaries

"Sreshtam", Old No.17, New No.16

Pattammal Street, Mandaveli

Chennai - 600 028

### 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

Rane Brake Lining Limited

CIN: L63011TN2004PLC054948

"MAITHRI", 132, Cathedral Road

Chennai 600 086

Phone : 044-28112472

Fax : 044-28112449

Email : investorservices@ranegroup.com

### Plants

- 1) Plot No. 30, Industrial Estate  
Ambattur, Chennai 600 058  
Tamil Nadu
- 2) Pregnapur Village, Gajwel Mandal  
Rajiv Gandhi Highway, Siddipet District 502 311  
Telangana
- 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

### Solar Plant

- 1) Muthuramalingapuram Village,  
Aruppukottai Taluk, Virudhunagar District,  
Tamil Nadu

### Registrar and Transfer Agent

Integrated Registry Management Services Private 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

# Report of the Board of Directors

Your Directors have pleasure in presenting the Twelfth Annual Report together with the accounts for the year ended March 31, 2017 and other prescribed particulars:

## 1. State of Company's affairs

### 1.1 Financial Performance

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

(₹ Crores)

Particulars	2016-17	2015-16
Sales and Operating Revenues	487.48	448.42
Other Income	4.48	3.22
Profit Before Tax (PBT)	42.36	35.48
Provision for Tax	7.64	9.72
Profit After tax (PAT)	34.72	25.76
Surplus brought forward	9.53	6.67
Amount available for appropriation	44.25	32.43

Key performance indicators, operational performance and balance sheet summary are furnished in page nos. 4-5 of this annual report.

The Sales and Other Operating Revenue grew by 8.7%. The Profit before tax improved by 19.4% over the previous year. Earnings per share for the year 2016-17 was ₹ 43.86 as against ₹ 32.54 in the previous year.

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

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

### 1.2 Appropriation

During the year 2016-17, the board of directors declared an interim dividend of 60% (i.e., ₹ 6/- per share of ₹ 10/- each, fully paid-up) and the same was paid on February 9, 2017 to all the eligible shareholders whose name appeared in the register of members of the Company as on February 2, 2017, being the Record Date fixed for this purpose.

The board of directors of the have considered and recommended a final dividend of 90% (i.e ₹ 9/-per share of ₹ 10/- each, fully paid-up) for approval of shareholders at the ensuing twelfth Annual General Meeting (AGM) to be held on August 23, 2017 The total dividend amount inclusive of distribution tax, surcharge and cess thereon would be ₹ 8.57 Crores. The final dividend, if declared by

the shareholders, will be paid on August 30, 2017 to all the eligible shareholders whose name appears in the register of members of the Company as on August 16, 2017, being the Record Date fixed for this purpose.

### 1.3 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, the Company, internal control systems, risk management are discussed in the Management Discussion and Analysis report forming part of this report and annexed as 'Annexure A'.

## 2. Board of Directors

### 2.1 Composition

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

Mr. S A Murali Prasad (DIN: 00001432) retired as per retirement policy of the company, with effective from the conclusion of meeting of Board of Directors held on October 25, 2016 and the board places on record its appreciation for his valuable contributions to the organisation during his tenure.

During the year, Mr. P S Kumar (DIN: 00267280) was co-opted to the Board as an additional director (in the category of Non-Executive, Independent) with effect from January 20, 2017 based on the recommendation of the Nomination and Remuneration Committee. The appointment of Mr. P S Kumar is subject to the approval of the shareholders at the ensuing 12<sup>th</sup> AGM in the first term, effective from January 20, 2017 till the conclusion of 14<sup>th</sup> AGM

Mr. S Sandilya (DIN: 00037542), Mr. Anil Kumar V Epur (DIN: 00202454), Mr. S C Gupta (DIN: 02085068), appointed as Independent Directors by the shareholders at the 9<sup>th</sup> AGM held on July 22, 2014, for a period of three years, hold office upto the conclusion of the ensuing 12<sup>th</sup> AGM.

Based on the Board evaluation, the Nomination and Remuneration Committee at its meeting held on May 17, 2017, have recommended their re-appointment as Independent Directors, for a second term as set out in the notice convening the 12<sup>th</sup> AGM which contains necessary resolution for their re-appointment for a second term, by way of special resolution.

The terms and conditions of appointment of independent directors have been disclosed on the website of the Company and available at <http://ranegroup.com/pdf/investors/rbl/rbltermsid.pdf>