



# **Rane Brake Lining Limited**

**7<sup>th</sup> ANNUAL REPORT 2012**

# Rane Brake Lining Limited

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## Board of Directors

L GANESH

*Chairman*

L LAKSHMAN

HARISH LAKSHMAN

S A MURALI PRASAD

ANIL KUMAR V EPUR

S SANDILYA

SURESH CHANDRA GUPTA

KOJI NISHIHARA

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

## Audit Committee

S SANDILYA

*Chairman*

S A MURALI PRASAD

L GANESH

SURESH CHANDRA GUPTA

## Investors' Service 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

PRICE WATERHOUSE & CO.

Chartered Accountants

No. 32, Khader Nawaz Khan Road

Nungambakkam, Chennai - 600 006

## Listing of Shares with

The Madras Stock Exchange Limited, Chennai

Bombay Stock Exchange Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

## Bankers

HDFC Bank Limited

Standard Chartered Bank

IDBI Bank Limited

State Bank of India

The Hongkong and Shanghai Banking Corporation

YES Bank Limited

## Registered Office

"MAITHRI", 132, Cathedral Road

Chennai 600 086

Phone : 28112472

Fax : 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: 28140801-03 E-mail : corpseiv@ieindia.com

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## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Seventh Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m. on Friday, July 13, 2012, at The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014,** to transact the following : -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the audited accounts of the Company for the year ended March 31, 2012 and the Auditors' report thereon.

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

"Resolved that the Audited Balance Sheet as at March 31, 2012, the Profit and Loss Account for the year ended March 31, 2012 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, as an ordinary resolution :

"Resolved that the interim dividend of Rs.4/- per equity share declared by the board of directors of the Company on January 25, 2012 on 79,14,980 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.3,67,95,951 (including dividend distribution tax and cess thereon), paid to the shareholders on February 10, 2012 for the year ended March 31, 2012 be and is hereby approved."

"Resolved further that final dividend of Rs.3/- 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, 2012, absorbing an amount of Rs.2,75,96,963 (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appears in the Company's Register of Members as on July 13, 2012 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 6, 2012 as per the details furnished by the Depositories for this purpose."

3. To appoint a Director in the place of Mr. L Lakshman, who retires by rotation under Article 111 and 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, as an ordinary resolution:

"Resolved that Mr. L Lakshman, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

4. To appoint a Director in the place of Mr. Koji Nishihara, who retires by rotation under Article 111 and 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, as an ordinary resolution:

"Resolved that Mr. Koji Nishihara, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

### SPECIAL BUSINESS:

5. To appoint auditors of the Company and to determine their remuneration.

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

#### Appointment of Auditors

"Resolved that, pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. Varma & Varma, Chartered Accountants (Registration No. FRN 04532S with The Institute of Chartered Accountants of India), be and are hereby appointed as auditors of the Company in the place of M/s. Price Waterhouse & Co., Chartered Accountants, who have intimated to the Company that they are not seeking re-appointment as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting 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."

6. To consider adoption of the following resolution, with or without modification, as a special resolution:

#### Appointment of Mr. P S Rao as 'Manager'

"Resolved that in accordance with the provisions of Sections 198, 269 and Section 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and such other approvals as may be required, Mr. P S Rao, be and is hereby appointed as 'Manager' within the meaning

of Section 2(24) of the Act, with effect from April 1, 2012, in the designation of President, for a period of two years from April 1, 2012 upto March 31, 2014 or such other shorter periods as may be decided by the Board of Directors of the Company, on the following terms :

a) **Salary :**

In the scale of Rs.2,00,000 to Rs.3,00,000 per month. Annual increase will be effective 1st of April every year from April 1, 2012 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 or other pension fund will be as per the scheme of the Company.

Company's contribution to Provident Fund and Superannuation Fund or pension fund as above 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, 1956 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 XIII to the Companies Act, 1956 or such other limit as may be

prescribed by the Government from time to time as minimum remuneration."

7. To consider adoption of the following resolution, with or without modification, as a **special resolution** :

**Approval of payment of commission to Mr. L Ganesh, Chairman**

"Resolved that pursuant to the provisions of Section 309(4)(b) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be required, the payment and distribution by way of commission to Mr. L Ganesh, Chairman, not exceeding one percent (1%) of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act with effect from April 1, 2012 for a period of three years be and is hereby approved."

"Resolved further that subject to the limits as aforesaid, the payment and distribution of the commission to Mr. L Ganesh, Chairman be determined by the Board of Directors from time to time in such proportion and in such manner as the Board may determine."

(By Order of the Board)

For **Rane Brake Lining Limited**

Chennai  
May 23, 2012

**G Karthikeyan**  
Secretary

**NOTES:**

1. **Any member entitled to attend and vote at the meeting 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.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as given in the notice is annexed.
3. The Register of Members of the Company will remain closed from **Saturday, July 7, 2012 to Friday, July 13, 2012** (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2005 and thereafter which remain unclaimed for a period of seven years (including the dividends declared by erstwhile Rane Brake Linings Limited) will be transferred to the Investor Education

## Rane Brake Lining Limited

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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, for payment in respect of the unclaimed dividend for the financial year 2004-05 and thereafter.

5. Ministry of Corporate Affairs (MCA) vide circular no.17/2011 dated April 29, 2011 permitted sending all communications to members by electronic mail (e-mail), as a measure of "Green Initiative in Corporate Governance". In line with the ministry's direction your Company intends to send all future communication to members by e-mail including notice of the annual general meeting and annual report, to the e-mail address registered with your respective Depository Participants (DPs). 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/ Registrar and Share Transfer Agents (RTA) or write to us at [investorservices@rane.co.in](mailto:investorservices@rane.co.in). All members are entitled to receive the communication in physical form upon request for the same.

6. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential and e-mail address to the Registrar and Transfer Agents:

M/s. Integrated Enterprises (India) Ltd.  
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 residential and e-mail address to their Depository Participants.

7. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.
8. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

(By Order of the Board)

For **Rane Brake Lining Limited**

Chennai  
May 23, 2012

**G Karthikeyan**  
Secretary

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Resolution No.5

M/s. Price Waterhouse & Co., Chartered Accountants, Chennai, the auditors of the Company, who holds office until the conclusion of the ensuing Annual General Meeting (AGM) have vide their letter dated May 15, 2012, expressed that they are not seeking re-appointment as Auditors of the Company. It is therefore proposed to appoint M/s Varma & Varma, Chartered Accountants as the Auditors of the Company in their place.

M/s. Varma & Varma, Chartered Accountants, have confirmed their eligibility for their appointment and expressed their willingness to act as the Auditors of the Company, if appointed by the members at the AGM.

A special notice under Section 225 of the Companies Act, 1956 has been received by the Company, from a member, of the intention to move the resolution appointing M/s Varma & Varma, Chartered Accountants, as the Auditors.

None of the directors is concerned or interested in the resolution.

Your directors commend the resolution for adoption.

### Resolution No.6

Consequent to the expiry of tenure of appointment of Mr. L Lakshman as the 'Manager' under the Companies Act, 1956 with effect from March 31, 2012, your directors have appointed Mr. P S Rao, President of the Company, as 'Manager' for a period of two years from April 1, 2012 to March 31, 2014 on the terms of remuneration as detailed in the resolution.

As required under the Provisions of Schedule XIII to the Companies Act, 1956, the following information is provided.

#### I. General Information:

The Company is a subsidiary of Rane Holdings Limited under Section 4(1)(a) of the Companies Act, 1956. 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, 2012 is given below:

Particulars for 2011-12	Rs. Crores
Sales & Operating Revenues	359.17
Profit Before Tax	21.90
Provision for Tax	5.71
Profit After Tax	16.19
Exports (FOB Value) during the year	19.71
Net Foreign Exchange Earnings	20.51

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.

#### II. Information about the appointee Mr. P S Rao :

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 Engineering
Date of Appointment	April 1, 2012
Other Directorships	NIL
Committee Memberships	NIL
Experience	37 years
Past Remuneration (for 2011-12)	Rs. in Lakhs
	Salary 57.46
	Perquisites 1.27
	Contribution to Provident Fund, Pension Fund and Gratuity 7.53
	<b>Total 66.26</b>
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 remuneration proposed is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.

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Ministry of Corporate Affairs (MCA) vide their notification dated July 14, 2011 has liberalised the norms for payment of managerial remuneration and relaxed the requirement of seeking approval of central government for payment of remuneration exceeding the limits under Schedule XIII, in case there are no profits or profits are inadequate, if such managerial personnel is qualified and has expert / specialised knowledge in his profession and satisfies certain conditions.

Mr. P S Rao satisfies the conditions laid down by MCA in the notification, viz., he possesses specialised qualifications in engineering and metallurgical technology and has over 37 years of experience. He does not hold and has not held any share in the share capital 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 the holding company.

Mr. P S Rao does not have any other pecuniary relationship with the Company. He is not related to any director or promoters of the Company or the holding company.

None of the directors is concerned or interested in the resolution.

Your directors commend the resolution for adoption.

## Resolution No.7

At the Annual General Meeting of the Company held on July 21, 2010, the shareholders had approved payment of commission to Mr. L Ganesh, Chairman, to the extent of 1% of the net profits of the Company for a period of 3 years with effect from April 1, 2009 to March 31, 2012.

Mr. L Ganesh is a Chartered Accountant and also holds an MBA from the Pennsylvania State University, USA. He has over 33 years of industrial experience in overall management of the companies. He has held several positions of high responsibilities with various industry forums and had been the President of Automotive Component Manufacturers Association of India and Chairman of Confederation of Indian Industry, Southern Region. Presently he is Honorary consul for New Zealand in South India.

Currently he is the Chairman and Managing Director of Rane Engine Valve Limited and Executive Vice-Chairman of Rane Holdings Limited.

Mr. L Ganesh is the Chairman of the Company since June 2007 and devotes substantial time and attention towards formulating new strategies to improve the performance and develop the business of the Company. The cost reduction and profit improvement measures formulated by him have benefited the Company. He has played a key role in establishing strong footprint in global markets and winning the coveted Deming award.

Therefore, it is proposed to continue the payment of commission to Mr. L Ganesh on the same scale i.e., upto 1% of the net profits, per annum, for a period of three years with effect from April 1, 2012 to March 31, 2015, as may be determined by the Board from time to time. Mr. L Ganesh does not draw any other remuneration from the Company.

Mr. L Ganesh is concerned or interested in the resolution. Mr. L Lakshman being relative of Mr. L Ganesh, is deemed to be interested in the resolution.

None of the other directors are interested in the resolution.

Your directors commend the resolution for adoption.

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

**G Karthikeyan**  
Secretary

Chennai  
May 23, 2012



## Rane Brake Lining Limited

### INFORMATION ABOUT DIRECTOR SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING IN RESPECT OF ITEM NOS. 3 & 4 ABOVE

(in accordance with Clause 49 (IV) of the Listing Agreement)

	Item No. 3	Item No. 4
<b>Name of the director</b>	<b>Mr. L Lakshman</b>	<b>Mr. Koji Nishihara</b>
Father's Name	Mr. L L Narayan	Mr. Isao Nishihara
Date of birth	July 17, 1946	April 14, 1958
Educational Qualifications	B.E., Executive MBA from London Business School	Faculty of Law, Sophia University
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Mr. Nishihara provides technical advice and support to the Company. He has over 28 years of Industrial experience.
Date of appointment	June 18, 2007	May 27, 2009
Other Directorships	<ol style="list-style-type: none"> <li>1. Rane Engine Valve Limited</li> <li>2. Rane (Madras) Limited</li> <li>3. Rane TRW Steering Systems Limited</li> <li>4. Rane NSK Steering Systems Limited</li> <li>5. Rane Holdings Limited</li> <li>6. Kar Mobiles Limited</li> <li>7. JMA Rane Marketing Limited</li> <li>8. Force Motors Limited</li> <li>9. DCM Engineering Limited</li> <li>10. Automotive Stampings and Assemblies Limited</li> <li>11. Tata AutoComp Systems Limited</li> <li>12. SRF Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Nisshinbo Holdings Inc.</li> <li>2. Nisshinbo Brake Inc.</li> <li>3. Nisshinbo Automotive Manufacturing Inc.</li> <li>4. Saeron Automotive Corp.</li> <li>5. Nisshinbo Somboon Automotive Co. Ltd.</li> <li>6. Nisshinbo Saeron Changshu Automotive Co. Ltd.</li> <li>7. TMD Friction Group S.A.</li> </ol>
Committee Memberships	<p><b>Chairman – Audit</b></p> <ol style="list-style-type: none"> <li>1. Rane TRW Steering Systems Limited</li> <li>2. Rane NSK Steering Systems Limited</li> </ol> <p><b>Member – Audit</b></p> <ol style="list-style-type: none"> <li>1. Kar Mobiles Limited</li> <li>2. Rane (Madras) Limited</li> <li>3. Rane Engine Valve Limited</li> <li>4. Automotive Stampings and Assemblies Limited</li> <li>5. Tata AutoComp Systems Limited</li> </ol> <p><b>Chairman – Investors' Service</b></p> <ol style="list-style-type: none"> <li>1. Rane (Madras) Limited</li> <li>2. Rane Engine Valve Limited</li> </ol> <p><b>Member – Investors' Service</b></p> <ol style="list-style-type: none"> <li>1. Rane Holdings Limited</li> </ol>	
No. of Shares held	50	Nil

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

Chennai  
May 23, 2012

**G Karthikeyan**  
Secretary



## REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their seventh annual report together with the accounts for the year ended March 31, 2012.

### 1. Financial Performance:

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

(Rs. Crores)

Particulars	2011-12	2010-11
Sales and Operating Revenues	359.17	305.84
Other Income	4.35	2.48
Profit before tax	21.90	19.67
Provision for tax	5.71	4.38
Profit after tax	16.19	15.29
Surplus brought forward	25.27	16.13
Profit available for appropriation	41.46	31.42

The Sales and Operating Revenues grew by 17% over the previous year. The Profit before tax improved by 11% over the previous year. Earnings per share for the year 2011-12 was Rs. 20.45 as against Rs. 19.31 in the previous year.

### 2. Appropriation

Profit available for appropriation is Rs. 41.46 crores. The Directors have declared and paid interim dividend of 40% on the equity capital of the Company for the year ended March 31, 2012 and have recommended a further 30% as final dividend, making for a total dividend of 70% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs. 6.44 crores leaving the Company with retained profits of Rs. 35.02 crores. Out of this, Rs.1.62 crores is being transferred to the General Reserve and Rs. 33.40 crores being retained as surplus in the Profit and Loss Account.

### 3. Management Discussion and Analysis

Your Company is engaged in the manufacturing and marketing of auto components for transportation industry. A detailed analysis of the automotive industry, your Company's performance etc., are discussed in the report on 'Management Discussion and Analysis' which forms part of this report and annexed as Annexure A.

### 4. Fixed Deposits

Deposits outstanding as on March 31, 2012 amounted to Rs.10.56 crores. All deposits that were matured during the year were repaid / renewed.

### 5. Board of Directors

Mr. L Lakshman and Mr. Koji Nishihara retire by rotation and being eligible, offer themselves for reappointment. The notice convening the ensuing Annual General Meeting includes the proposal for their re-appointment as directors.

### 6. Conservation of Energy

Your Company has been continuously engaged in energy saving initiatives to offset the power shortage and the resultant cost impact. Energy savings were achieved through available alternate economical sources, special projects in shop-floor, sustenance of high power factor and employee involvement to reduce consumption of power.

Energy conservation projects are rigorously undertaken by the Company. Energy efficient processes are widely used at different locations. Through energy conservation efforts, your Company saved up to 3,34,880 units of electricity during the year 2011-12.

### 7. Research and Development Activities

The details of 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 2011-12 was Rs. 20.51 crores and foreign exchange outgo was Rs. 69.14 crores.

The strategic initiatives are undertaken to increase export business in terms of Customers, Product and Geographical location by identifying new business opportunities.

### 9. Foreign Currency Loans

**Statutory Auditors' observation on accounting treatment in respect of External Commercial Borrowings (ECBs), Buyers Credit (BC) and associated swap contracts.**

The auditors' have in their report drawn attention to the accounting treatment in respect of ECBs, BC and associated swap contracts. This subject matter has been fully explained in note 5.6 in the financial statements. Your directors are of the view that the accounting treatment in this respect during the year and in the earlier years as well as in accordance with the substance of the transaction and as required by Accounting Standard – 1 issued by The Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standard) Rules, 2006.

This accounting treatment has been consistently followed in all the earlier years when the arrangements were entered into. There has been no change to the notified standards during the year which results in the treatment consistently followed by the company being non compliant with the accounting standards or to be reviewed by the company.

## 10. Employees

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

## 11. Auditors

M/s Price Waterhouse & Co., (PWC) Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and have expressed that they are not seeking re-appointment. Your directors wish to place on record their appreciation for the services rendered by PWC, during their associations with the Company as Statutory Auditors since 2006.

Special notice has been received from a member signifying the intention to propose the appointment of M/s. Varma & Varma, Chartered Accountants as Statutory Auditors in the place of the retiring auditors. The company has received letter from M/s. Varma & Varma, Chartered Accountants to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. They have also submitted the Peer Review Certificate issued to them by ICAI.

The notice of the ensuing Annual General Meeting contains necessary resolution in this regard. Your directors recommend the appointment of M/s. Varma & Varma Chartered Accountants as Statutory Auditors.

## 12. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have :

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- 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 and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

## 13. 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"**. CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and educational trust, in the social and environmental spectrum. Your company firmly believes that participation of corporates is vital to achieve sustainable and equitable economic growth in India. The focus of Rane's social development initiatives has been in the three specific areas of (a) Education (b) Healthcare and (c) Community development.

The specific CSR initiatives taken by your Company are as follows:

- Contribution of funds towards establishment of Polytechnic College at Trichy by Rane Foundation by way of donation and interest-free loans.
- Contributions are also made through Rane Foundation and JACOB Memorial Trust towards providing basic and higher education to the deserving.
- Your company has instituted rural education initiatives through an initiative called "Shiksha".
- Your company has also taken other initiatives in health, education, environment and community development.