

The background is a solid green color. Overlaid on this are several concentric circles of varying shades of green, some solid and some dotted. A large, stylized fan-like shape, composed of several overlapping curved segments in white and light green, originates from the center and extends towards the top right. The text "Dream. Design. Deliver." is positioned in the middle-left area, in a white, bold, sans-serif font.

**Dream. Design. Deliver.**

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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.**

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

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

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

**Dream...**  
a world-class enterprise

**Design...**  
transport solutions for  
tomorrow

**Deliver...**  
sustained  
accelerated value

# The World of Rane Brake Lining

We are engaged in the manufacturing and marketing of auto components for transportation industry. We offer a range of products, such as brake linings, disc pads, clutch facings, clutch buttons, brake shoes and railway brake blocks. Our products are used in passenger cars, utility vehicles, commercial vehicles, two wheelers, windmills, aircrafts and railways. We also supply composite brake blocks to Indian Railways, with presence in passenger, electrical multiple unit (EMU), freight, locomotive and metro rail.



## VISION

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

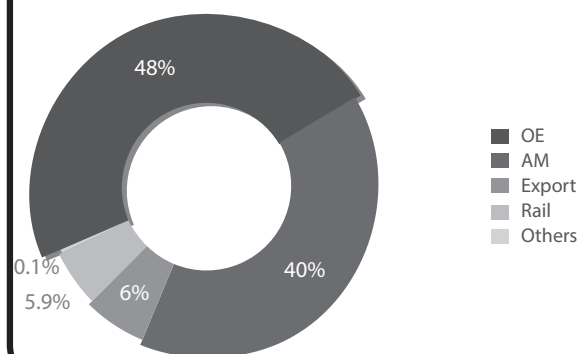
### Manufacturing Plants

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

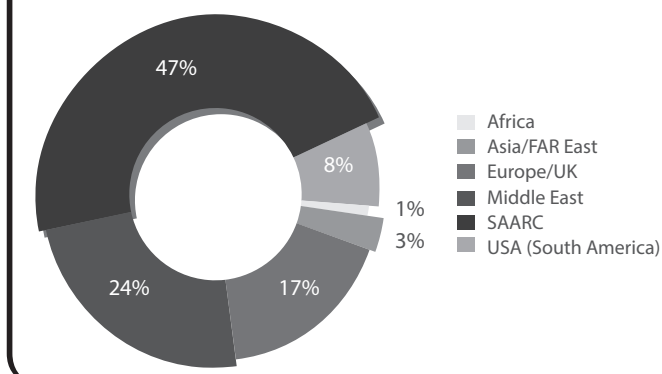
### Quality Accreditation

ISO 9000:2008	Quality Management
TS16949:2009	Quality Management
OHSAS 18001:2007	Occupational Health and Safety Management
ISO 14001:2004	Environmental Management
Deming Prize	Total Quality Management (TQM)
Deming Grand Prize	Excellence in TQM

Revenue mix by market segment (FY16)



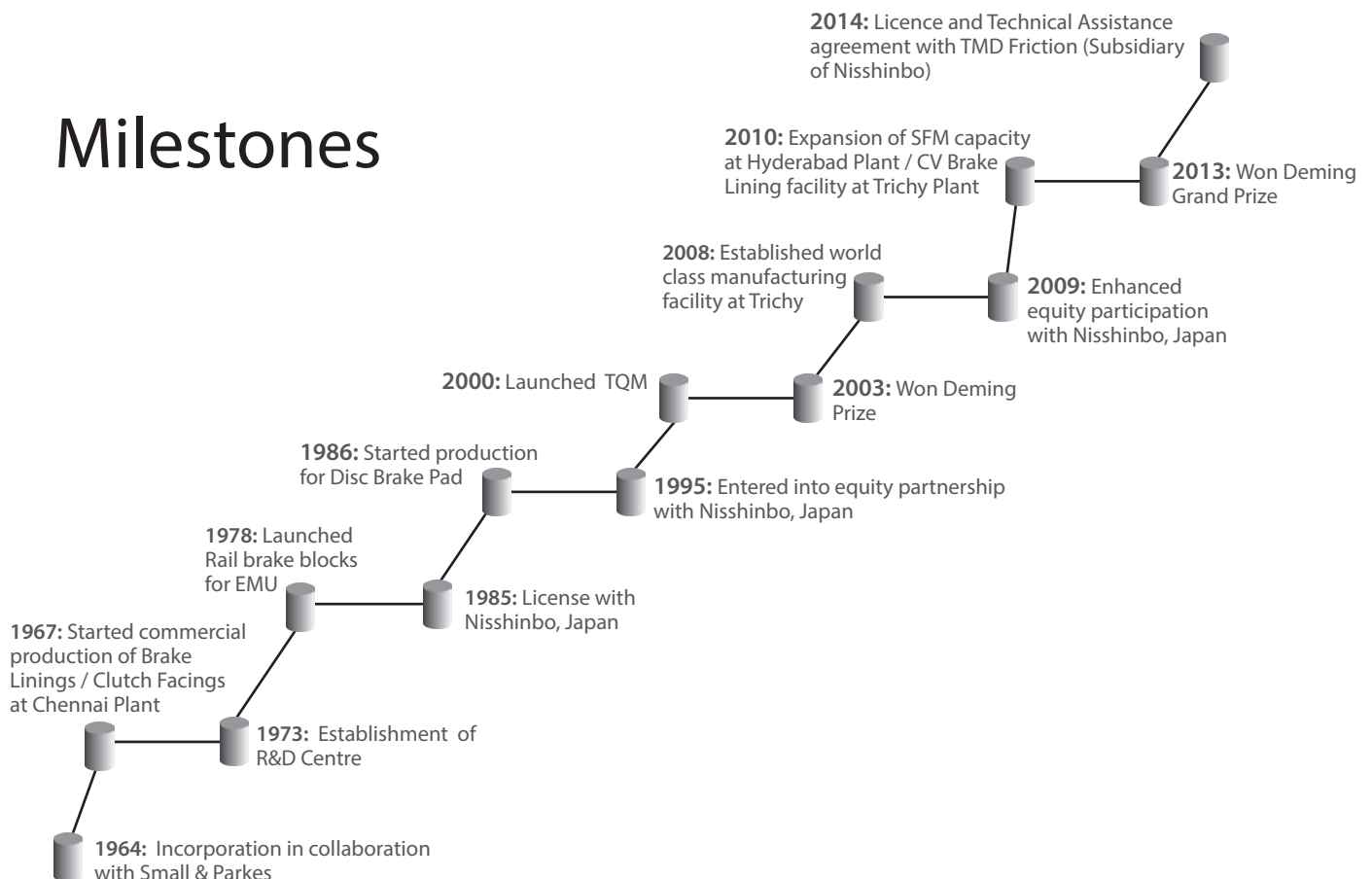
Export Revenue mix by geography (FY16)



# Key Customers



# Milestones



# Financial Highlights

## Operational Performance

(₹ in Cr)

Particulars	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Total Income	451.64	418.49	386.51	379.68	363.52	308.32	237.68	193.15	184.27
EBITDA	57.65	47.56	42.61	36.08	43.76	36.49	30.20	21.25	23.29
PBT	35.48	20.60	16.73	10.92	21.90	19.67	14.93	4.32	11.19
PAT	25.76	16.11	17.21	9.10	16.19	15.29	10.09	2.89	8.94

## Balance Sheet Summary\*\*

(₹ in Cr)

Particulars	FY16	FY15	FY14	FY13	FY12	FY11
Equity Share Capital	7.91	7.91	7.91	7.91	7.91	7.91
Shareholders' Funds	137.93	121.71	112.27	102.01	96.59	86.84
Non-Current Liabilities	14.34	23.83	39.16	56.63	59.55	46.79
Current Liabilities	103.61	109.55	116.51	102.87	95.60	73.22
Non-Current Assets	113.85	129.50	143.14	148.44	132.28	115.14
Current Assets	142.04	125.60	124.81	113.07	119.46	91.71

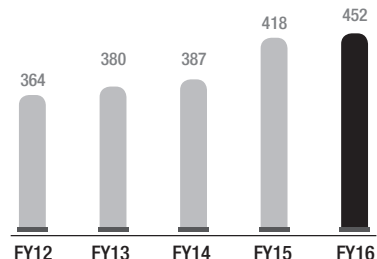
\*\* Pertains to revised Schedule VI to Companies Act, 1956 / Schedule III to Companies Act, 2013 applicable years only

## Ratios

Particulars	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
ROCE (%)	21.90	13.82	12.10	9.31	16.41	16.72	14.49	7.81	9.71
RONW (%)	19.84	13.77	16.07	9.16	17.65	18.76	14.12	4.43	9.91
Earning per Share (₹)	32.54	20.36	21.76	11.50	20.45	19.31	12.78	4.01	12.39
Dividend (%)	100	70	75	40	70	50	45	20	40
Book value per share (₹)	174.27	153.77	141.84	128.88	122.03	109.72	96.50	92.49	88.38

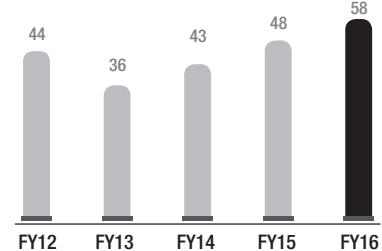
### Total Income

(₹ in Crore)



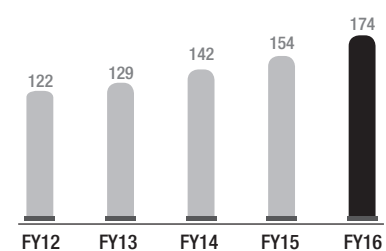
### EBITDA

(₹ in Crore)



### BVPS

(in ₹)





**Board of Directors**

L GANESH  
*Chairman*

VINAY LAKSHMAN  
*Managing Director*

L LAKSHMAN

S A MURALI PRASAD

ANIL KUMAR V EPUR

S SANDILYA

SURESH CHANDRA GUPTA

RANJANA KUMAR

HARISH LAKSHMAN

KAZUHIRO IWATA

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

**Audit Committee**

S SANDILYA  
*Chairman*

S A MURALI PRASAD

L GANESH

SURESH CHANDRA GUPTA

**Stakeholders' Relationship Committee**

HARISH LAKSHMAN  
*Chairman*

ANIL KUMAR V EPUR

L GANESH

**Nomination and Remuneration Committee**

S SANDILYA  
*Chairman*

S A MURALI PRASAD

L GANESH

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.,  
Practising 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**

"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  
Medak 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

**Registrar and Transfer Agent**

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

# Report of the Board of Directors

Your Directors have pleasure in presenting the Eleventh (11<sup>th</sup>) Annual Report together with the accounts for the year ended March 31, 2016 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	2015-16	2014-15
Sales and Operating Revenues	448.42	416.41
Other Income	3.22	2.08
Profit before tax (PBT)	35.48	20.60
Provision for Tax	9.72	4.49
Profit after tax (PAT)	25.76	16.11
Surplus brought forward	6.67	46.44
Profit available for appropriation	32.43	62.55

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

The Sales and Other Operating Revenue grew by 8%. The Profit before tax improved by 72% over the previous year. Earnings per share for the year 2015-16 was ₹ 32.54 as against ₹ 20.36 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 2015-16, the board of directors declared an interim dividend of 100% (i.e., ₹10.00 per share) on the equity share capital on March 10, 2016. The interim dividend was paid on March 23, 2016 to all the eligible shareholders whose name appeared in the registered of members of the Company as on March 18, 2016 (being the Record Date) fixed for this purpose. In view of this, the board did not recommend any final dividend for the year ended March 31, 2016.

After transfer of ₹ 13.37 crores to the general reserve, ₹ 9.53 crores has been retained as surplus in the Profit and Loss Account.

## 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.

During the year, Mr. Vinay Lakshman was co-opted to the Board as an additional director with effect from October 1, 2015. The Board has, subject to the approval of shareholders, appointed Mr. Vinay Lakshman as Managing Director for a period of three years, viz., from October 1, 2015 to September 30, 2018.

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

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

### 2.2 Retirement by rotation

At the ensuing Annual General Meeting (AGM), Mr. Harish Lakshman (DIN 00012602), retires by rotation and being eligible, offers himself for re-appointment. The notice convening the AGM includes the proposal for his re-appointment as director.

### 2.3 Board Meetings

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



## 2.4 Meeting of Independent Directors

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

## 3. Board and Management

### 3.1 Board evaluation

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

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

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

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

### 3.2 Familiarisation program for independent directors

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

## 3.3. Key Managerial Personnel

Mr. Vinay Lakshman, Managing Director (MD), Mr. M A P Sridhar Kumar, Vice President – Finance & Chief Financial Officer (CFO) and Mr. Venkatraman, Secretary hold the office of Key Managerial Personnel within the meaning of Section 2(51) of the Companies Act, 2013. Mr. P S Rao, Manager, retired from the services effective September 30, 2015.

## 3.4 Remuneration policy

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

## 4. Audit

### 4.1 Audit Committee

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

### 4.2 Statutory Auditors

M/s. Varma & Varma were appointed as Statutory Auditors at the ninth Annual General Meeting (AGM) held on July 22, 2014, for a period of three years i.e., until the conclusion of the twelfth AGM. Their appointment is however, subject to ratification by members at every AGM.

The Company has received letter from Statutory Auditors to the effect that their appointment for 2016-17 if ratified, would be within the prescribed limits and that they do not suffer from any disqualification under Section 141 of the Companies Act, 2013 and the rules made thereunder. Statutory Auditors have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India. The statutory auditors report to the members for the year ended March 31, 2016 does not contain any qualification, reservation, adverse remark or disclaimer.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act and therefore no detail is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

### 4.3 Cost Audit

Cost audit is not applicable to the Company as per the threshold limits prescribed under Companies (Cost Records and Audit) Rules, 2014.

### 4.4 Secretarial Auditors

The Company had appointed M/s. S Krishnamurthy & Co., Company Secretaries in practice, to undertake the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules, thereunder. The report on the Secretarial Audit carried out for the year 2015-16 is annexed herewith as 'Annexure C'. The secretarial audit report does not contain any qualification, reservation, adverse remark or disclaimer.

### 4.5 Internal Auditors

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

## 5. Directors' responsibility statement

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

- i. in the preparation of the financial statements for the financial year 2015-16, the applicable accounting standards had been followed and there were no material departures;
- ii. they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- iv. they had prepared the financial statements for the financial year on a 'going concern' basis;

- v. they had laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively; and
- vi. they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## 6. Related Party Transactions

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

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

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

## 7. Corporate Social Responsibility (CSR)

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

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