

A Fresh Perspective

Contents

Corporate Overview

The World of Rane (Madras)	02
Financial Highlights	04

Management Reports

Directors' Report	06
Management Discussion & Analysis	10
Report on Corporate Governance	21

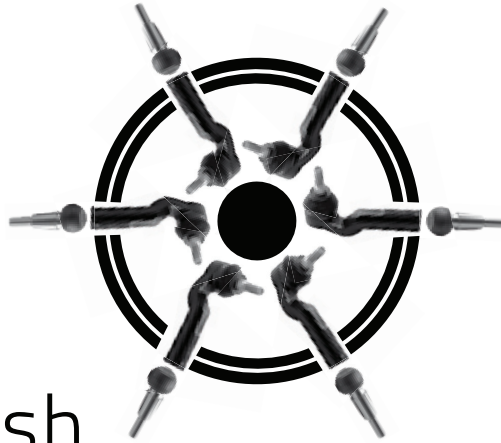
Financial Statements

Independent Auditor's Report	42
Audited Financial Statement	46
Notes to Financial Statement	50



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.



A Fresh Perspective

The world is changing at a rapid pace. Aided by the rapid advancements in technology, telecommunication, information technology and most significantly the new generation consumer; a new world order is fast emerging.

In addition to the changing macro environment, Automobile, our core playground, also needs to align with a constantly moving object called today's customer who demands more. Vehicle that weighs lesser, consumes lesser energy, is easy to manoeuvre, offers added features and convenience and much more. Emerging socio-economic and demographic dimensions are shaping a new automobile world order. Various reports indicate of India's ascent as a global leader both in terms of market size as well as production volumes.

As one of the leading Indian automotive component suppliers to the global OEMs, we have further strengthened our value proposition despite the low growth phase of recent years. With Indian markets poised to transit into its next phase of steady growth, our decadal journey of profitable growth has got enriched with A FRESH PERSPECTIVE.

The World of Rane (Madras)

Company Profile

- Established in 1960, Rane (Madras) Limited (RML) is part of the Rane Group of Companies, a leading auto component group based out of Chennai.
- It has two divisions namely
 - Steering gear (SGP), Steering and Suspension linkage Products (SSLP) and
 - Die casting Products
- The steering division manufactures manual steering gears, hydrostatic steering systems and steering and suspension linkage products.
- A leading manufacturer of SGP and SSLP, RML holds 39% and 72% market share in India in both the products respectively.
- Diverse customer base consisting of wide segment of automobile industry, viz Passenger vehicles, Light commercial vehicles, Heavy commercial vehicles and Farm tractors.



Vision

Steering and Linkage Product Division

To be the leader in the domestic steering business and establish global presence

Die casting Products Division

A profitable Rs. 1,000 million company by 2015 supplying specialized castings and machined aluminium parts for global markets

Manufacturing Plants

Locations	Products
Velachery (Chennai)	SSLP, SGP
Varanavasi (Chennai)	SSLP
Mysore	SSLP, SGP & Hydrostatic Steering Systems
Puducherry	SSLP, SGP
Uttarakhand	SSLP, SGP
Hyderabad	Die casting Products

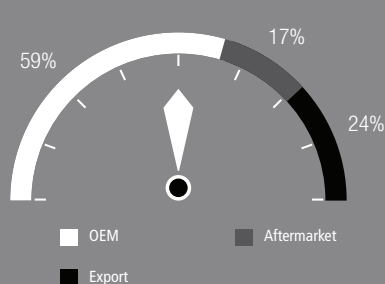
Quality Accreditation

ISO/TS 16949:2002	Quality Management; all five manufacturing locations certified
ISO 14001	Environmental management; all the five plants certified
OHSAS 18001	Occupational Health and Safety management
Deming Prize	Total Quality Management (TQM)
Deming Grand Prize	Excellence in TQM

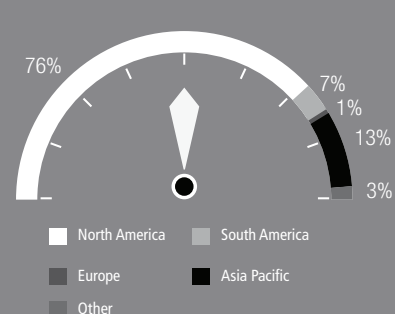
Revenue mix by product category (FY15)



Revenue mix by user segment (FY15)



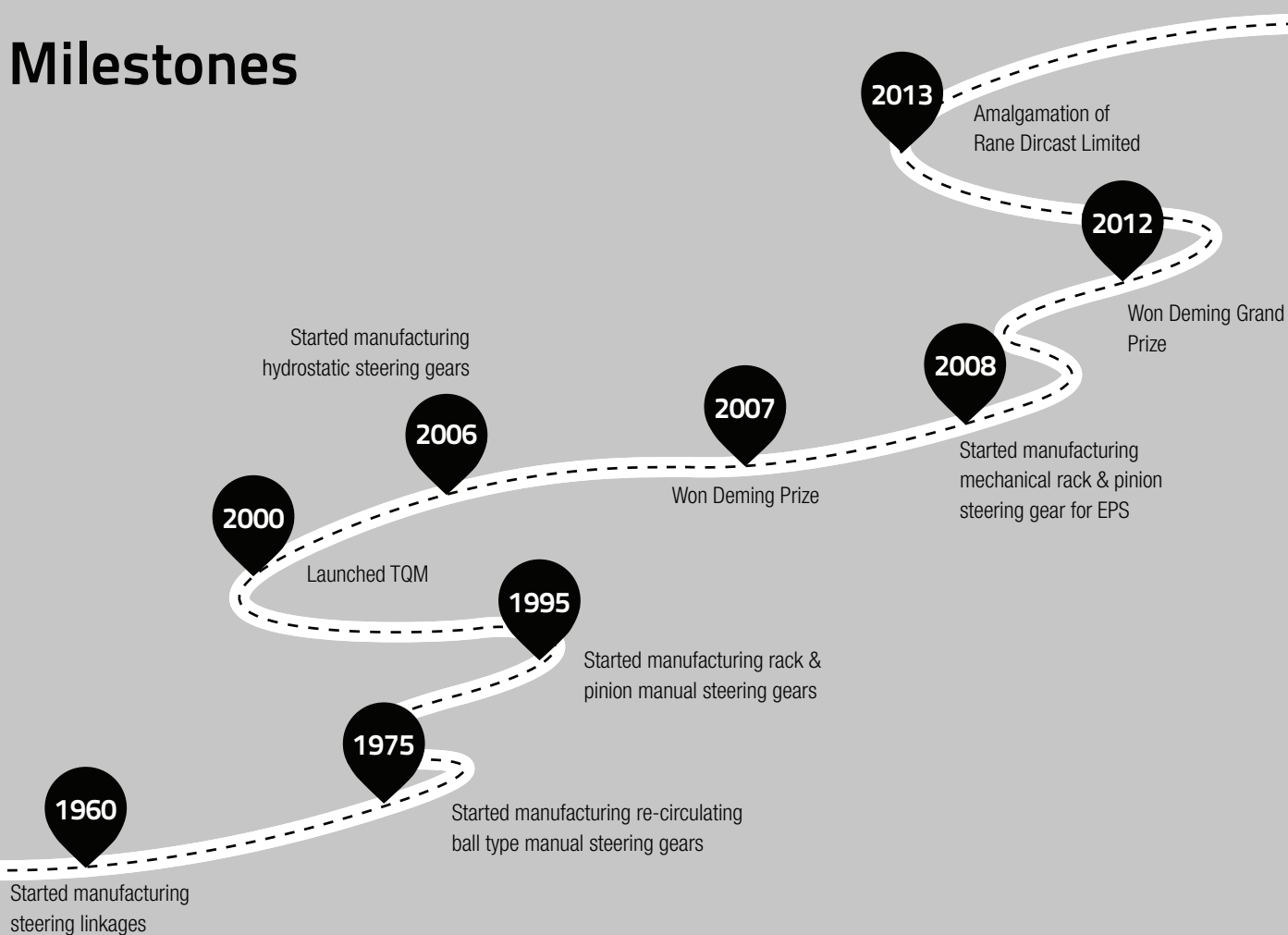
Export Revenue mix by geography (FY15)



Key Customers

 ASHOK LEYLAND	 BHARAT BENZ	 BRP	DAIMLER	 DAIHATSU
 EICHER	 ESCORTS	IMPAL	 JMA	 JOHN DEERE
 COSMA BODY & CHASSIS SYSTEMS	 Mahindra	 MARUTI SUZUKI	 POLARIS	 Supra Ltd
 TAFE	 TATA	 TRW Automotive		

Milestones



Financial Highlights

Operational Performance

(Rs. in Cr)

Particulars	FY15	FY14	FY13	FY12	FY11
Total Income	779.97	727.51	641.36	673.11	585.46
EBITDA	65.34	58.81	56.35	60.43	44.42
PBT	16.84	19.68	30.06	37.17	30.83
PAT	12.44	16.78	23.42	27.40	24.57

Balance Sheet Summary

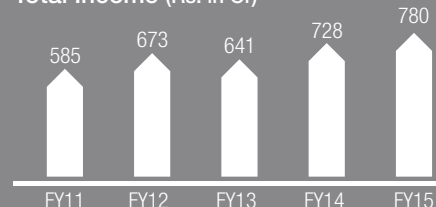
(Rs. in Cr)

Particulars	FY15	FY14	FY13	FY12	FY11
Equity Share Capital	10.51	10.51	10.16	10.16	10.16
Shareholders' Funds	145.50	140.22	130.07	115.06	98.58
Preference Share Capital	8.23	8.23	-	-	-
Non current Liabilities	62.97	49.90	40.79	50.19	47.61
Current Liabilities	317.33	256.27	190.23	175.78	131.65
Non Current Assets	300.59	245.12	179.09	165.52	124.41
Current Assets	233.44	209.51	182.00	175.51	153.43

Ratios

Particulars	FY15	FY14	FY13	FY12	FY11
Return on Capital Employed (ROCE) (%)	10.38%	12.88%	17.87%	24.72%	25.12%
Return on Equity (ROE) (%)	8.71%	12.41%	19.11%	25.65%	27.14%
Earnings per share (Rs.)	11.20	15.35	23.04	26.95	24.18
Dividend (%)	45.00%	55.00%	70.00%	95.00%	70.00%
Book value per share (Rs.)	138.43	133.41	127.97	113.20	96.99

Total Income (Rs. in Cr)



EBITDA (Rs. in Cr)



Net Profit (Rs. in Cr)



EBITDA Margin (in %)



BVPS (Rs.)



Board of Directors

Mr. L GANESH - Chairman
 Mr. L LAKSHMAN
 Mr. HARISH LAKSHMAN
 Mr. M LAKSHMINARAYAN
 Dr. TRIDIBESH MUKHERJEE
 Ms. ANITA RAMACHANDRAN

Audit Committee

Mr. M LAKSHMINARAYAN - Chairman
 Mr. L LAKSHMAN
 Dr. TRIDIBESH MUKHERJEE

Stakeholders' Relationship Committee

Mr. L LAKSHMAN - Chairman
 Mr. HARISH LAKSHMAN
 Dr. TRIDIBESH MUKHERJEE

Secretary

Ms. S SUBHA SHREE

Auditors

DELOITTE HASKINS & SELLS
 Chartered Accountants
 ASV Towers, 7th Floor, Old No.37, New No.52
 Venkatanarayana Road, T. Nagar, Chennai-600 017.

Listing of shares with

BSE Ltd., Mumbai
 National Stock Exchange of India Ltd., Mumbai

Registered Office

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

Bankers

Canara Bank, Chennai-600 002.
 DBS Bank Limited, Chennai-600 002.
 HDFC Bank Limited, Chennai-600 002.
 Hongkong Shanghai Banking Corporation Limited,
 Chennai-600 002.
 IDBI Bank Limited, Chennai-600 015.
 Kotak Mahindra Bank Limited, Chennai-600 002.
 Standard Chartered Bank, Chennai-600 001.
 YES Bank Limited, Chennai-600 002.

Plants

- 1 "GANAPATHY BUILDINGS"
154, Velachery Road, Chennai - 600 042
- 2 79/84, Hootagally Industrial Area
Mysore - 570 018
- 3 77, Thirubuvanai Main Road
Thirubuvanai Village, Puducherry - 605 107
- 4 Ambakkam, Varanavasi Village
Varanavasi Post, Kancheepuram - 631 604
- 5 Plot No.27, Sector 11, Integral Industrial Estate
Pant Nagar, Uttarakhand - 263 153
- 6 143/A, SV Co-op Industrial Estate
IDA Bollaram, Medak District - 502 325
Andhra Pradesh

Registrar & Transfer Agents

Integrated Enterprises (India) Ltd.,
 II Floor, 'Kences Towers',
 No.1, Ramakrishna Street, North Usman Road,
 T.Nagar, Chennai-600 017.
 Email : corpserv@integratedindia.in

Report of the Board of Directors

Your Directors have pleasure in presenting their Eleventh Annual Report together with the accounts for the year ended March 31, 2015.

1. State of Company's affairs

1.1 Financial Performance

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

(Rs. crores)

Particulars	2014-15	2013 - 14
Sales and Operating Revenues	778.88	726.60
Other Income	1.09	0.91
Profit Before Tax (PBT)	16.84	19.68
Provision for tax :		
Current	3.50	4.15
Deferred	4.40	2.90
MAT Credit availed	(3.50)	(4.15)
Profit After Tax (PAT)	12.44	16.78
Surplus brought forward	61.39	53.70
Amount available for appropriation	73.20	70.48

Key Performance indicators, operational performance and balance sheet summary are furnished in Page No 4 of this annual report.

The Company recorded a turnover of Rs. 646.86 crores from its steering and linkage products showing a marginal increase of 2 % over previous year. The company achieved a turnover of Rs. 95.48 crores from die casting business showing an increase of 31% over previous year. The company also achieved a turnover of Rs. 12.98 crores from its auto parts division, which was formed during the current financial year. The total turnover of the company was Rs. 755.32 crores, registering an overall growth of 6% over the previous year.

The Company also incurred an exceptional expenditure of Rs. 3.24 crores towards voluntary retirement scheme. The Company earned a PBT of Rs. 16.84 crores representing 2% of the turnover. Earnings per share for the year 2014-15 was Rs. 11.20 as against Rs. 15.35 in the previous year.

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

There was no change in nature of business during the year. The Company is a subsidiary company of Rane Holdings Limited (RHL / holding company). The Company does not have any subsidiary, associate or joint venture. During the year, Rane Engine Valve Limited (REVL), a fellow subsidiary of the Company, amalgamated into itself, Kar Mobiles Limited (KML) an associate company of the holding company.

1.2. Appropriation

Out of the profit available for appropriation of Rs. 73.20 crores, the directors have recommended a dividend of 45%. The total Equity and Preference dividend amount inclusive of distribution tax and surcharge thereon would be Rs. 6.37 crores. After transfer of Rs. 60.46 crores to the general reserve, Rs. 6.37 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., steering and suspension systems, linkage products, steering gear products and aluminium alloy based high pressure die-casting products. A detailed analysis on the performance of the industry, the Company, internal control systems, risk management policy are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as **Annexure 'A'**.

2. Board of Directors

2.1 Composition

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

The Company has issued a letter of appointment to all independent directors and the terms and conditions of their appointment have been disclosed on the website of the Company and available at <http://rane.co.in/pdf/investors/rml/rmltermsid.pdf>

In terms of Section 149 of the Companies Act, 2013 (Act), all the Independent Directors were appointed by the shareholders at the 10th Annual General Meeting held on July 31, 2014, for a period of three years to hold office from the conclusion of the 10th AGM till the conclusion of 13th AGM. 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.

2.2 Retirement by rotation

At the ensuing Annual General Meeting (AGM), Mr. Harish Lakshman, Director 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, a separate meeting of Independent Directors was held. All the Independent Directors were present at this meeting. In the said meeting, the Independent Directors discussed the quality, quantity and timeliness of flow of information between the management and the Board and expressed that the current flow of information and contents were adequate for the Board to effectively perform its duties.

3. Board and Management

3.1 Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and clause 49 of the listing agreement, the annual evaluation of the Board, its committees and directors individually is carried out as per the criteria laid down by the Nomination and Remuneration Committee.

The evaluation of Board and its committees are founded on the structure, composition, 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) are 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 are taken into consideration. The evaluation methodology is comprehensive and commensurate with the size of the Board and the Company.

3.2 Familiarisation program for independent directors

The company has framed a familiarization program for independent directors which has been put up on the website and available at <http://rane.co.in/ranemadras/rmlinvestors.html>

3.3 Key Managerial Personnel

Mr S Parthasarathy, Chief Executive Officer (CEO) within the meaning of Section 2(18) of the Companies Act, 2013 and Ms S Subha Shree, Secretary, hold the office of Key Managerial Personnel, respectively.

Mr P Krishnamoorthy, Chief Financial Officer (CFO) resigned from the services effective January 30, 2015. Based on the recommendations of Nomination and Remuneration Committee, the Board of directors at its meeting held on May 21, 2015 has approved the appointment of Ms J. Radha, as CFO.

3.4 Remuneration policy

The policy on appointment, remuneration and evaluation criteria for Directors and Senior Management is per the recommendations of the Nomination and Remuneration Committee of the Board. The Company recognizes that compensation is a strategic lever in the achievement of vision and goals. The compensation philosophy is designed to attract, motivate, and retain talented employees who drive the company's success and it aims at aligning compensation to goals of the company, performance of the individual, internal equity, market trends and industry practices, legal requirements and appropriate governance standards.

The remuneration to Directors, Key Managerial Personnel and Senior Management personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Nomination and Remuneration Committee recommends the remuneration of Directors and Senior Management as a group, which is approved by the Board of Directors, subject to the approval of shareholders, where necessary.

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, an Audit Committee of the Board is constituted to act 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

The Auditors, M/s Deloitte Haskins & Sells (DHS) were appointed as Statutory Auditors at the last (tenth) Annual General Meeting (AGM) held on July 31, 2014, for a period of three years i.e, until the conclusion of the thirteenth AGM. Their appointment is however, subject to ratification by members at every AGM.

The Company has received letter from DHS consenting for the re-appointment and confirmation to the effect that their appointment, would be within the limits and that they do not suffer from any disqualification specified in section 141 of the Companies Act, 2013 and the rules made thereunder. DHS has submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India.

The report issued by the Auditors to the members for the year ended March 31, 2015 does not contain any qualification, reservation, adverse remark or disclaimer.

4.3 Cost Auditors

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. Jayaram & Associates, Cost Accountants, as the cost auditors of the Company for the financial year 2014-15. However, as per Companies (cost records and audit) Rules, 2014 notified by Ministry of Corporate Affairs, cost audit is not applicable to the Company by virtue of its turnover being less than the prescribed limits. Therefore, the Board did not proceed with the appointment of cost auditor and cost audit for the year 2014-15.

4.4 Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. S Krishnamurthy & Co., a firm of Company Secretaries in practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2014-15 is annexed herewith as **Annexure 'B'**. 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 service professionals, as Internal Auditors of the Company. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as

per the directions of Audit Committee on a regular basis to improve efficiency in operations.

5. Directors' responsibility statement

In terms of Section 134 (3)(c) read with section 134(5) of the Companies Act, 2013, the directors, to the best of their knowledge and belief and according to the information and explanations obtained by them confirm that they had:

- i. followed the applicable accounting standards in the preparation of the financial statements for the financial year 2014-15 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 Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- iv. prepared the financial statements for the financial year on a 'going concern' basis;
- v. laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and were operating effectively and;
- vi. devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

6. Related Party Transactions

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

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

The Company has put in place proper system for identification and monitoring of such transactions. The policy on related party transactions as approved by the Board is uploaded on the Company's website viz. www.rane.co.in/pdf/policies/rmlrpt.pdf. None of the Directors or Key Managerial Personnel or Senior Management Personnel has any material financial or commercial transaction where they have personal interest, that may have potential conflict with interest of the company at large.