



Dream. Design. Deliver.



Rane (Madras) Limited

13th Annual Report 2016-17



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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 (Madras)

Part of the Rane Group, Rane (Madras) Limited (RML) was set up in 1929. The Company had its first manufacturing presence in 1960 with the setting up of the Steering and Linkage Products division. This was followed with the setting up of manufacturing facilities for the Die Casting Products division in 2006.

The Company is a market leader in the Steering and Linkage Products division which manufactures manual steering gears, hydrostatic steering systems and steering and suspension linkage products.

The Die Casting division manufactures low porosity, high-quality aluminium die-castings such as steering housings and engine case covers. In line with its strategy to have a global presence, RML acquired the US-based Precision Die Casting Inc. in 2016. The Company now supplies complex, thin-walled, low porosity, cast and machined aluminum die castings to automotive industry from its manufacturing facility at Russellville, Kentucky, US.

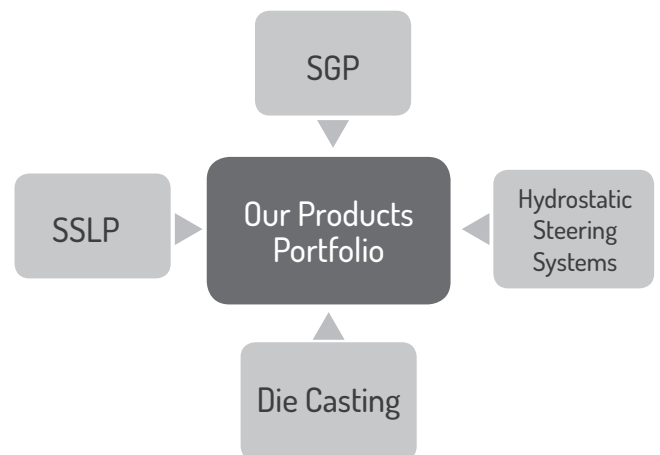
Vision

Steering and Linkages Division

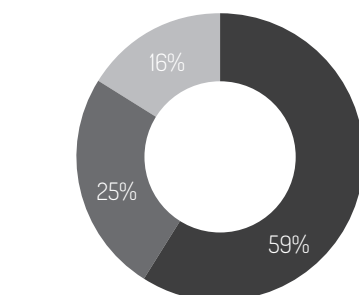
To be the leader in the domestic steering business and establish global presence

Die casting Division

To be a globally preferred supplier of specialized precision light weight components.

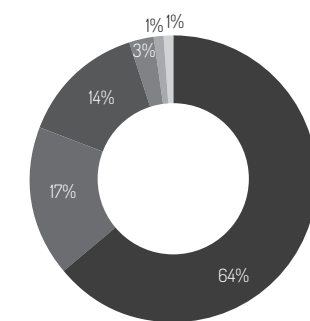


Revenue Mix by User Segment (FY17)



■ India-OEM and OES ■ International-OEM
■ India-Aftermarket

Revenue Mix by Geographical Region Segment (FY17)



■ USA ■ Others ■ Asia Pacific ■ UK
■ Europe ■ North America

Key Customers



Manufacturing Plants

| Locations | Products |
|------------------------|--|
| Varanavasi (Chennai) | SSLP, SGP |
| Mysore | SSLP, SGP & Hydrostatic Steering Systems |
| Puducherry | SSLP, SGP |
| Uttarakhand | SSLP, SGP |
| Bollaram (Hyderabad) | Die Casting |
| Sadasivpet (Hyderabad) | Die Casting |
| Kentucky (USA) | Die Casting |

Quality Accreditation

| | |
|--------------------|--|
| TS 16949 Indian | Quality Management; all six manufacturing locations in India certified |
| ISO 14001 | Environmental management; all the four Steering and linkages division plants certified |
| OHSAS 18001 | Occupational Health and Safety management: Steering and linkages division plants certified |
| Deming Prize | Steering and linkages division: Total Quality Management (TQM) |
| Deming Grand Prize | Steering and linkages division: Excellence in TQM |



Rane Diecast Division (Plant 2 Facility), Sadasivpet, Telangana

Financial Highlights

₹ in Crore

| Particulars | FY17 | FY16 | FY15 | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 | FY08 |
|---|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Income | 1,005.30 | 862.49 | 779.97 | 727.51 | 641.36 | 673.11 | 585.46 | 420.68 | 353.16 | 350.82 |
| Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) | 97.37 | 79.70 | 69.67 | 69.16 | 57.84 | 62.98 | 50.39 | 34.84 | 19.25 | 13.15 |
| Profit Before Tax (PBT) | 23.67 | 18.66 | 16.84 | 19.68 | 30.06 | 37.17 | 30.83 | 20.04 | 1.20 | 46.74 |
| Profit After Tax (PAT) | 18.96 | 14.09 | 12.44 | 16.78 | 23.42 | 27.40 | 24.57 | 13.81 | 0.36 | 36.60 |
| Return on Capital Employed (RoCE) (%) | 11.06 | 9.90 | 10.61 | 15.83 | 17.28 | 23.70 | 26.90 | 19.05 | 7.54 | 3.68 |
| Return on Net Worth (RoNW) (%) | 11.81 | 9.46 | 8.71 | 12.41 | 19.11 | 25.65 | 27.14 | 17.99 | 0.50 | 61.82 |
| Earnings per equity share (₹) | 17.39 | 12.77 | 11.20 | 15.35 | 23.04 | 26.95 | 24.18 | 13.59 | 0.36 | 35.86 |
| Dividend (%) | 60.00 | 45.00 | 45.00 | 55.00 | 70.00 | 95.00 | 70.00 | 45.00 | - | 60.00 |
| Book value per equity share (₹) | 160.50 | 144.98 | 138.43 | 133.41 | 127.97 | 113.20 | 96.99 | 81.12 | 69.94 | 72.11 |

Balance Sheet Highlights*

₹ in Crore

| Particulars | FY17 | FY16 | FY15 | FY14 | FY13 | FY12 |
|-------------------------|--------|--------|--------|--------|--------|--------|
| Equity Share Capital | 10.51 | 10.51 | 10.51 | 10.51 | 10.16 | 10.16 |
| Shareholders' Funds | 176.93 | 160.62 | 153.73 | 148.45 | 130.07 | 115.06 |
| Non-current Liabilities | 137.37 | 139.67 | 62.97 | 49.90 | 40.79 | 50.19 |
| Current Liabilities | 371.63 | 312.66 | 317.33 | 256.27 | 190.23 | 175.78 |
| Non-current Assets | 379.42 | 343.46 | 300.59 | 245.12 | 179.09 | 165.52 |
| Current Assets | 306.50 | 269.49 | 233.44 | 209.51 | 182.00 | 175.51 |

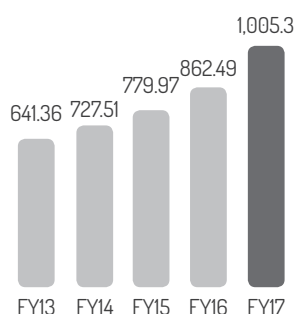
* Pertains to revised Schedule VI to Companies Act, 1956 / Schedule III to Companies Act, 2013 applicable years only

Business Highlights

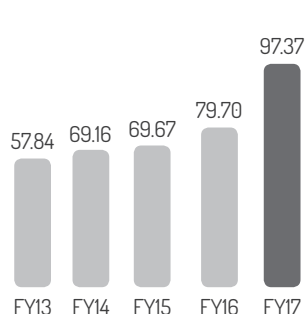
- Added capacity for Rack and Pinion (R&P) steering gears at Varanavasi facility
- Upgraded R&D facilities has boosted in winning export business with customers like Daimler, Volvo for supply of linkages
- The new Die casting plant in Hyderabad aided production resulting in volume growth
- Undertook various measures to improve operational performance of overseas subsidiary company, Rane Precision Die Casting Inc. (RPDC)

Key Performance Indicators

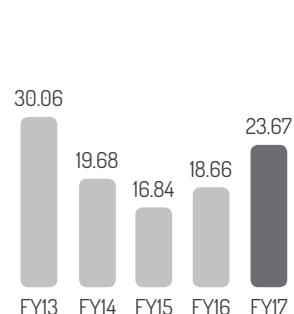
Total Income (₹ in Crore)



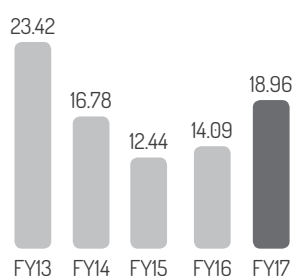
EBITDA (₹ in Crore)



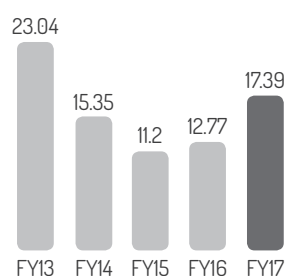
PBT (₹ in Crore)



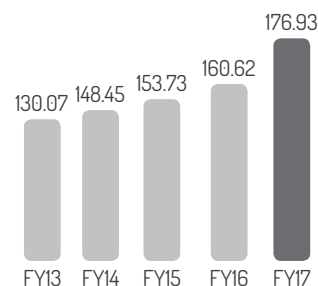
PAT (₹ in Crore)



EPS (in ₹)



Net Worth (₹ in Crore)



Awards & Accolades

- Received Special Appreciation Award for Yuvo project from Mahindra & Mahindra
- Bagged Spare Parts Business Growth Award & Kaizen Award for Painting quality from TAFE
- Won Best support for New Part Introduction and VOR parts Award from Tata Motors



From the Desk of the Chairman

Dear Shareholders,

Fiscal 16-17 was a year of consolidation and laying the foundation for achieving the dream of Decade of Profitable Growth.

As part of the Vision, FY16 saw the acquisition of the US-based Precision Die Casting Inc. In FY17, multiple initiatives to turnaround the Company have been put in place. As part of the Design, it was a year of adding capacities and building capabilities. Our emphasis on R&D has been growing to help us face the future.

The consolidated revenue saw a sharp jump of 37% to clock ₹ 1,171 Crore in FY17, up from ₹ 857 Crore in FY16. Similarly, the EBITDA moved up by 30% to ₹ 100.5 Crore in FY17. While PAT has seen a de-growth, the company is working on bringing in cost control measures to remedy this.

With multiple initiatives, both the Die Casting units in India and the one in US should see improvement in performance. I am confident that as the Customer satisfaction level improves, it will bring in significant new opportunities from existing customers and open doors to new global OEMs and Tier 1 vendors.

The enhanced product development capability and upgraded R&D facilities

helped to win the exports business from global OEMs like Daimler, Volvo and Maruti Suzuki in the Indian market. Beyond product enhancement and new product development, R&D continues to work on enhancing cost competitiveness of the Company.

This fiscal saw new capacity creation of the Rack & Pinion Gear in the Varanavasi plant in Tamil Nadu. Further, the newly commissioned second plant for Die casting in Hyderabad has ramped up production.

The Government successfully steered the GST bill and this should lead to other reforms in the country. The economy and the auto industry is poised to do well next year, due to the progressive reforms coupled with normal monsoon, low interest regime and strong rural demand.

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

Yours Sincerely,

L Ganesh

Chairman



Board of Directors

Mr. L GANESH - *Chairman*
 Mr. HARISH LAKSHMAN - *Vice Chairman*
 Ms. ANITA RAMACHANDRAN
 Mr. L LAKSHMAN
 Mr. M LAKSHMINARAYAN
 Mr. PRADIP KUMAR BISHNOI
 Dr. TRIDIBESH MUKHERJEE

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

Nomination and Remuneration Committee

Mr. M LAKSHMINARAYAN - *Chairman*
 Ms. ANITA RAMACHANDRAN
 Mr. L GANESH
 Mr. L LAKSHMAN

Corporate Social Responsibility Committee

Mr. L LAKSHMAN - *Chairman*
 Ms. ANITA RAMACHANDRAN
 Mr. L GANESH

Secretary

Ms. S SUBHA SHREE

Statutory Auditors

M/s. Deloitte Haskins & Sells
 Chartered Accountants
 ASV Towers, 7th Floor, Old No.37, New No.52
 Venkatanarayana Road, T. Nagar, Chennai - 600 017.

Secretarial Auditor

M/s. S. Krishnamurthy & Co
 Company Secretaries
 "Sreshtham" Old No.17, New No.16
 Pattammal Street, Mandaveli, Chennai - 600 028.

Registered Office

Rane (Madras) Limited
 CIN: L65993TN2004PLC052856
 "MAITHRI", 132, Cathedral Road, Chennai - 600 086.
 Phone : 044-28112472 Fax : 044-28112449
 Email : investorservices@ranegroup.com

Listing of shares with

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

Bankers

Canara Bank, Chennai - 600 002.
 DBS Bank Limited, Chennai - 600 002.
 HDFC Bank Limited, Chennai - 600 002.
 IDBI Bank Limited, Chennai - 600 015.
 ICICI Bank, Chennai - 600 018.
 Kotak Mahindra Bank Limited, Chennai - 600 002.
 Standard Chartered Bank, Chennai - 600 001.
 YES Bank Limited, Chennai - 600 002.

Head Office

"GANAPATHI BUILDINGS"
 154, Velachery Road, Chennai - 600 042

Plants

- 1 79/84, Hootagally Industrial Area
Mysuru - 570 018, Karnataka
- 2 77, Thirubuvanai Main Road
Thirubuvanai Village, Puducherry - 605 107
- 3 Ambakkam, Varanavasi Village
Varanavasi Post, Kancheepuram - 631 604, Tamil Nadu
- 4 Plot No.27, Sector 11, Integral Industrial Estate
Pant Nagar, Uttarakhand - 263 153
- 5 143/A, SV Co-op Industrial Estate
IDA Bollaram, Medak District - 502 325
Telangana
- 6 Survey No.789/AA, 781, 781/AA, 790/A & 779
Sadasivpet Municipal Limits
Sadasivpet Mandal - 502 291
Medak Dist., Telangana

Registrar & Transfer Agents

Integrated Registry Management Services Private Limited
 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 Thirteenth 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 standalone financial highlights for the year under review are as follows:

| (₹ in Crores) | | |
|------------------------------------|---------|---------|
| Particulars | 2016-17 | 2015-16 |
| Sales and Operating Revenues | 1003.31 | 860.91 |
| Other Income | 1.98 | 1.58 |
| Profit Before Tax (PBT) | 23.67 | 18.66 |
| Provision for tax : | | |
| Current | 5.28 | 4.21 |
| Deferred | 0.89 | 3.11 |
| MAT Credit availed | (1.46) | (2.75) |
| Profit After Tax (PAT) | 18.96 | 14.09 |
| Surplus brought forward | 6.37 | 6.37 |
| Amount available for appropriation | 25.33 | 20.46 |

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

The Company recorded a turnover of ₹ 795.49 crores from its steering and linkage products showing an increase of 13 % over previous year. The company achieved a turnover of ₹ 131.40 crores from die casting business recording 38% increase over previous year. The Company also achieved a turnover of ₹ 39.02 crores from its auto parts division . The total turnover of the Company was ₹ 965.91 crores, registering an overall growth of 16% over the previous year.

On a stand-alone basis, the revenue from operations for the financial year 2016-17 was ₹ 1,003.31 crores, which is higher by 17% over the last year (₹ 860.91 crores).

The profit before tax of the Company was ₹ 23.67 crores, representing 2% of the turnover. Earnings per share for the year 2016-17 was ₹ 17.39 as against ₹ 12.77 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 of Rane Holdings Limited (RHL / Holding company). The Company does not have any associate or joint venture.

Overseas Subsidiaries

Rane Precision Die Casting Inc. (RPDC) USA, is engaged in the business of manufacturing high pressure aluminium die casting for automotive applications like steering and compressor related die casting components. During the financial year 2016-17, RPDC recorded a turnover of ₹ 205.77 crores from its operations.

This investment is held through Rane (Madras) International Holdings B.V., The Netherlands, a Wholly Owned Subsidiary of the Company ('RMIH' / 'WOS'), incorporated to hold strategic overseas investments of the Company. The WOS has invested USD 2.97 million into the equity capital of RPDC.

As on March 31, 2017, the Company had issued corporate guarantee to EXIM Bank for USD 8 Million and USD 4.8 Million against the lending of EXIM Bank to RPDC and RMIH respectively.

1.2. Appropriation

During the year 2016-17, the board of directors declared an interim dividend of 20% (i.e., ₹ 2.00 per equity share of ₹ 10/- each, fully paid-up) and the same was paid on February 10, 2017 to all the eligible shareholders whose name appeared in the register of members of the Company as on February