



Rane Engine Valve Ltd.

40th Annual Report 2012

Board of Directors

L GANESH

Chairman and Managing Director

HARISH LAKSHMAN

Vice Chairman

L LAKSHMAN

R JAGANNATH

ASHOK MALHOTRA

C N SRIVATSAN

R V RAGHAVAN

Audit Committee

C N SRIVATSAN - *Chairman*

ASHOK MALHOTRA

R JAGANNATH

L LAKSHMAN

Investors' Service Committee

L LAKSHMAN - *Chairman*

L GANESH

ASHOK MALHOTRA

President

S MOHAN

Vice President - Finance & Secretary

K SANKARANARAYANAN

Statutory Auditors

BRAHMAYYA & CO.

Chartered Accountants,

48, Masilamani Road,

Balaji Nagar, Royapettah,

Chennai - 600 014.

Listing of Shares with

The Madras Stock Exchange Limited, Chennai

Bombay Stock Exchange Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

Our Bankers

The Hongkong and Shanghai Banking Corporation Ltd.,
Chennai

Standard Chartered Bank, Chennai

HDFC Bank Ltd., Chennai

IDBI Bank Ltd., Chennai

South Indian Bank Ltd., Chennai

YES Bank Ltd., Chennai

Registered Office

"MAITHRI", 132, Cathedral Road,

Chennai - 600 086.

Phone : (044) 28112472

Fax : (044) 28112449

E-Mail : investorservices@rane.co.in

Head Office

"ANMOL PALANI"

Level 5, 88, G.N. Chetty Road

P.B. No. 4964,

T. Nagar, Chennai 600 017.

Plants

1. 'Glendale', 5, Nobel Street, Post Box No. 1305, Alandur, Chennai - 600 016, Tamilnadu.
2. Plot Nos. 68 to 77, Industrial Estate, Medchal - 501 401, R.R. District, Andhra Pradesh.
3. Post Box No. 4, Redhills Road, Madhavaram, Ponneri - 601 204, Tamilnadu.
4. Survey No. 177/20, Hyderabad-Vikarabad Road, Aziz Nagar - 500 075, R.R. District, Andhra Pradesh.
5. Survey Nos. 109, 111 & 121, Seniapatti, Kasavanur Village, Viralimalai Union - 621 316 Pudukottai District, Tamilnadu.

Registrar and Transfer Agents

Integrated Enterprises (India) Limited

II Floor, "Kences Towers", No 1 Ramakrishna Street,
North Usman Road, T.Nagar, Chennai 600 017.

Phone: (044) 28140801, Fax: (044) 28142479

Email: corpserve@iepindia.com

CONTENTS	PAGE
Notice to Shareholders	2
Report of the Directors	5
Auditors' Report	21
Balance Sheet	24
Profit & Loss Account	25
Cash Flow Statement	26
Notes forming part of Financial Statements	27
Financial Highlights	47

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Fortieth Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m.** on **Monday, the July 23, 2012**, at **The Music Academy (Mini Hall)**, New No. 168, T.T.K 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.7.50 per equity share declared by the board of directors of the Company on January 24, 2012 on 51,50,992 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs. 4,48,99,588 (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 51,50,992 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. 1,79,59,835 (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear in the Company's Register of Members as on July 23, 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 13, 2012 as per the details furnished by the Depositories for this purpose."

3. To appoint a Director in the place of Mr.Harish Lakshman, who retires by rotation under Article 106 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. Harish 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. C N Srivatsan, who retires by rotation under Article 106 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. C N Srivatsan, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

5. To appoint auditors of the Company and to determine their remuneration. The retiring auditors Messrs Brahmayya & Co., Chartered Accountants, are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received.

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

"Resolved that Messrs Brahmayya & Co., Chartered Accountants (Registration No. 000511S with The Institute of Chartered Accountants of India), be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company 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."

(By Order of the Board)
For **Rane Engine Valve Limited**

Chennai
May 21, 2012

K Sankaranarayanan
Vice President (Finance) & 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 Register of Members of the Company will remain closed from Saturday, **July 14, 2012** to Monday, **July 23, 2012** (both days inclusive).
3. 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 Engine Valves Ltd.) will be transferred to the Investor Education 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 Registrars and Transfer Agents, for payment in respect of the unclaimed dividend for the financial year 2004-05 and thereafter.
4. 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. All members are entitled to receive the communication in physical form upon request for the same.

5. 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.

6. 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.
7. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

(By Order of the Board)
For **Rane Engine Valve Limited**

Chennai
May 21, 2012

K Sankaranarayanan
Vice President (Finance) & Secretary

Rane Engine Valve Limited

INFORMATION ABOUT DIRECTORS 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
Name of the director	Mr. Harish Lakshman	Mr. C N Srivatsan
Father's Name	Mr. L Lakshman	Mr. C R Natarajan
Date of birth	February 12, 1974	May 25, 1957
Educational Qualifications	B.E, MSM	C.A., C.I.S.A.,
Experience	Mr. Harish Lakshman has 13 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Limited and Vice Chairman of Rane Engine Valve Limited and looks after manufacturing activities of Rane group.	Mr. C N Srivatsan has 27 years of diverse experience in handling Indian and overseas assignments.
Date of appointment	July 22, 2008	July 22, 2009
Other Directorships	Managing Director Rane TRW Steering Systems Limited Director Rane (Madras) Limited Rane Holdings Limited Rane Brake Lining Limited Rane NSK Steering Systems Limited Rane Diecast Limited JMA Rane Marketing Limited Foreign Company Rane Holdings America Inc. Private Limited Companies Savithur Enterprises Private Limited HL Hill Station Properties Private Limited Broadvision Perspectives India Private Limited Broadvision Services Private Limited SasMos HET Technologies Pvt. Ltd.,	Director Precot Meridian Limited Astral Consulting Limited Kar Mobiles Limited
Committee Memberships	Member – Audit Rane Diecast Limited Chairman – Investors' Service Committee Rane Brake Lining Limited Rane Holdings Limited Member – Investors' Service Committee Rane (Madras) Limited	Chairman – Audit Rane Engine Valve Limited Kar Mobiles Limited Member – Audit Precot Mills Limited
No. of Shares held	50	Nil

(By Order of the Board)
For Rane Engine Valve Limited

K Sankaranarayanan
Vice President (Finance) & Secretary

Chennai
May 21, 2012

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their Fortieth 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. in Crores)

Particulars	2011 - 2012	2010 - 2011
Sales and Operating Revenues	307.02	288.31
Other Income	2.17	1.39
Profit before tax	28.72	16.12
Provision for tax	7.95	5.32
Profit after tax	20.77	10.80
Surplus brought forward	13.86	7.14
Amount available for appropriation	34.63	17.94

During the year, the sales and operating revenues grew by 6% over the previous year. The Profit Before Tax improved by 78% over the previous year. This includes Rs.16.27 cores profit on sale of surplus land near Chennai. During the year, the Company also paid Rs.4.06 cores as compensation to employees under a Voluntary Retirement Scheme. Earnings per share was higher at Rs.40.32 as against Rs.20.97 in the previous year.

2. Appropriation

Profit available for appropriation is Rs.34.63 crores. The Directors have declared and paid an interim dividend of 75% 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 105% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs.6.28 crores leaving the Company with retained profits of Rs.28.35 crores. Out of this, Rs.2.08 crores is being transferred to the General Reserve and Rs.26.27 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.11.49 crores. All deposits that matured during the year were repaid / renewed.

5. Board of Directors

Mr. Harish Lakshman and Mr. C N Srivatsan retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The notice convening the ensuing Annual General Meeting includes the proposal for their re-appointment as directors.

6. Conservation of Energy

By sustaining high power factor and other energy saving measures such as installation of Variable Frequency Drives for Motors, your Company has reduced energy consumption and maximum demand charges. Employee involvement in conserving electricity both in shop floors and offices by switching off power whenever not in use also contributed to reduction in consumption of power. Focused efforts are also taken to upgrade the design of the old machines facilitating efficiency of power usage.

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

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

Foreign exchange earned during 2011-12 was Rs. 95.36 crores against foreign exchange outgo of Rs. 38.20 crores. Your Company continued to remain a substantial net foreign exchange earner with the foreign exchange earned being 2.50 times higher than the outgo.

9. 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'.

10. Auditors

M/s. Brahmayya & Co., Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received from them. M/s. Brahmayya & Co., has submitted the Peer Review Certificate issued to them by The Institute of Chartered Accountants of India.

The notice of the ensuing Annual General Meeting contains necessary resolution in this regard. Your directors recommend the re-appointment of M/s Brahmayya & Co., as Statutory Auditors.

11. 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.

12. Corporate Social Responsibility (CSR)

The vision on Corporate Social Responsibility (CSR) is, **"To be a socially and environmentally responsible organization 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. 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 following social development initiatives were undertaken by your Company in this year.

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.
- Tree saplings were planted under the eco-conservation programme ("Thai Mannu") in the areas around the factories with the complete participation of employees.
- Apprentice training programme for students of class 10 and 12 from economically weaker sections were conducted imparting them with employment skills.
- "SWAR" a self-learning and awakening programme on the destitutes was conducted for the employees. Organized a skill development workshop, "Indru Oru Vidhi Seivom", at one of the schools near the manufacturing facility.
- Books were donated through our campaign, "Oru Thuli Kalvi".
- Provided financial support to an hospital for the construction of outpatient ward.
- Awareness on sustainable and eco-tourism was conducted on "Sittanavasal Caves" in Pudukottai district.

13. Corporate Governance Report

Your Company has complied with the Corporate Governance requirements as stipulated under Clause 49 of the listing agreement. Detailed report on the compliance and a certificate by the Statutory Auditors forms part of this report as Annexure 'D'.

For and on behalf of the Board

Chennai
May 21, 2012

HARISH LAKSHMAN
Vice – Chairman

L. GANESH
Chairman & Managing Director

**Annexure - A to Report of the Directors
Management Discussion and Analysis**

Overview:

The Company is engaged in the manufacture and marketing of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors and two wheelers and as such operates in a single reportable business segment viz. components for transportation industry.

Industry Structure, Developments & Performance

Domestic automobile market had a mixed year in 2011-12 with only select vehicles reaching the expected industry growth estimates. Overall the market grew by 14%. Though the Passenger Car and Medium & Heavy Commercial Vehicles (M&HCV) showed a sluggish growth during the year due to continuous increase in the interest rates, the gap was made up by the growth of the industry in other categories like Small Commercial Vehicles and Light Commercial Vehicles.

During the year under review the growth in automotive industry is as given below:-

Volume Growth in %

VEHICLES	2011-12	2010-11
Passenger Cars	2	27
Utility Vehicles	17	17
Small Commercial Vehicles	27	36
Light Commercial Vehicles	28	22
Medium & Heavy Commercial Vehicles	11	38
Three Wheelers	10	29
Two Wheelers	16	27
Farm Tractors	12	22

Source: Society of Indian Automobile Manufacturers

Domestic Market

The Company continued to meet the demand and achieved an overall growth of 5 %. The break-up of the sales and growth by product is given below:

Rs. in crores

Product Lines	2011-12	2010-11	Growth in %
Automobile Valves	193.00	187.39	3
Other Engine Components	18.38	13.81	33

OEM & Aftermarket

Both OEM and aftermarket sales had moderate growth in the year 2011-2012. The Company has met the continuing demand of engine valves, guides and tappets from OEM and aftermarket.

Rs. in crores

Market	2011-12	2010-11	Growth in %
OEM	166.63	158.58	5
Aftermarket	44.75	42.62	5

Exports

The overall economic activity marginally improved in the United States and parts of European Union (with Germany remaining strong) in the year 2011. The total export turnover of the Company was Rs. 90.85 crores, which is 7% higher than the previous year. The United States Dollar and Euro, the currencies in which the exports were made, gained substantially against the rupee and the rupee remained weak for most part of the year. The impact of exchange rate volatility and weak rupee was minimised with robust forex policy adopted by the Company.

Operational and Financial Performance

Financial Review:

In the year ended March 2012, the Company registered net sales of Rs. 302.24 crores, a growth of 6% from the previous year. The sales from the new products generated revenue of Rs. 1.87 crores.

Rs. in crores

Product Lines	2011-12	2010-11	Growth in %
Automobile Valves	268.48	254.93	5
Other Engine Components	33.76	30.91	9
Total	302.24	285.84	6

Profit Before Tax was Rs. 27.72 crores, an increase of 78% over previous year. The Company continued to focus on operational efficiencies to improve productivity and implemented cost control measures through innovative practices at the shop floor level in order to sustain growth and record profitability for the year under review. Impact of volatile foreign currency exchange rates and high interest costs were managed through effective hedging of foreign currency exposures and sourcing low cost funds.

Operation and Manufacturing Review

The Company focuses on continuous quality improvements. Excellence in quality is achieved through Total Quality Management (TQM), Lean Production System (LPS), Total Productive Maintenance (TPM), Kaizen, QC story, 7 QC tools, Poka-yoke and the statistical tools. The Company has recognized that the active employee participation is the key to remain successful in TQM process. The Quality Circles and Cross Functional Teams (CFT) have helped to resolve issues pertaining to manufacturing and quality. In the year under review an average of 6.72 suggestions were received per employee compared with an average of 4.05 suggestions of the previous year and 178 projects were undertaken during the year compared to 119 projects in the previous year. The Company has received many awards and certifications for its eminence in manufacturing and quality. Some of them include :

1.	Best in class performance in Quality - PPM & Certificate of appreciation for highest delta improvement in Quality - Sourcing Quality Maturity Index given by Ashok Leyland
2.	Excellent performance award from Cummins India Limited
3.	Silver shield for Star performer from EEPC Southern region

Outlook

The Company is cautiously optimistic about the stable growth in the automotive industry. Rigorous efforts are undertaken to strengthen the position with customers. The Company is focussing on key products and customers that could garner more market share, paving way for higher revenues.

“**Growing with the Customer**” is adopted as the growth driver to increase profitability. The excellent co-designing capabilities have enabled the Company to pro-actively design valves and also grow together with the customer. The co-designing provides the advantage of minimal product design and development time.

The concerns of liquidity, high inflation, weak rupee, volatile oil price and high interest rate may negatively affect the growth sentiments of the auto industry. The Company is well placed to evaluate these conditions and to address any specific issue affecting the growth.

Opportunities & Threats

India has the largest engineering talent pool with acclaimed designing and process engineering skillsets. In addition to the human resources, India has abundant raw material resources and quality manufacturing facilities on par with the world class quality testing centres elsewhere on the globe. These advantages have enabled India to position as a global resource hub for OEM and auto components manufacturers.

India's distinct global cost and quality advantages have augmented the growth of the Company.

The Company's strength continues in areas of:-

- Market Leadership
- Brand Equity
- Human Resources
- Total Quality Management (TQM)
- Core design capability
- Co-designing of valves with the customer
- Ability to scale up operations

The main threats to which auto component industry is exposed to are:-

- Unceasing cost reduction initiatives from OEMs from whom the major portion of the future growth is likely to come.
- Spiralling commodity prices affecting the input costs structure.
- Dumping from China.
- Apprehension about weak economic expansion in the developed countries.

Internal Control Systems and Risk Management

The Company has engaged an independent agency to carry out internal audit at all its locations across the country. The Audit Committee and the Board in consultation with the internal auditor, statutory auditor and operating management approve annual internal audit plan. The findings of the internal auditors in their quarterly audit are placed before the Audit Committee at each of its quarterly meeting for review. The response of the operating management and counter measures proposed are discussed in the Audit Committee meetings. This process not only seeks to ensure the reliability of internal control systems and compliance with laws and regulations but also covers resource utilization and system efficacy.

During the year, the Company revisited the risks associated with each of the business processes and the sub-processes. The risks are broadly classified into strategic risks, operational risks, financial risks and statutory compliance risks. These risks are rated based on factors such as past year experience, probability of occurrence, probability of non-detection and its impact on business. Every quarter the top management reviews the strategic risks, the risks with high probability and high impact and presents its report to the Board of Directors together with the risk mitigation plan on half-yearly basis. The strategic risks are taken into consideration in the annual planning processes. Other risks are covered as part of internal audit process and presented to the Audit Committee every quarter. The risk ratings are revalidated with the top management as part of the internal audit process every quarter. The overall re-assessment of risks at company level is carried out and presented to the Board once in two years for their review.

Human Resource Development and Industrial Relations

Human Resource (HR) in the Company partners with the business in formulation of strategies and in developing organizational capability. The Company's HR initiatives aim at balancing the near, mid and long term aspects of career planning and management. HR at the Company upholds the dictum of attracting, inspiring and retaining the right talent to drive business results.

As part of the Company's four-level Professional Development Architecture (PDA), the first batch of Rane Emerging Managers Program (REMP) was launched during November 2011 for high potential individuals to groom them for future. Aspiring to become an employer of choice, the Company is implementing various initiatives focusing on delivering its Employer Brand Promise of challenging assignments, encouraging learning and enhancing career opportunities.

The Corporate HR team refreshed the Performance Assessment & Development System (PADS) - aligning it with the theme of Profitable Growth. Innovation is introduced as a vital competency. Moving ahead, nurturing a culture of innovation and entrepreneurial spirit will be high on people agenda.

As at the end of March 31, 2012, the total number of employees stood at 1354.

Cautionary Statement

The information and opinion expressed in this report may contain certain forward looking statements, which the management believe are true to the best of its knowledge at the time of its preparation. Actual results may differ materially from those either expressed or implied in this report.

Annexure - B to Report of the Directors

FORM B

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 and forming part of the Report of the Board of Directors for the year ended March 31, 2012.

Research and Development (R & D)

1. Specific areas in which R &D carried out by the Company:

Co-design of valves with customers

2. Benefits derived as a result of (R & D) and future plan of action:

Future business prospects by becoming a preferred supplier to prestigious customers. Proactively design and develop products cutting down the time-to-market

3. Expenditure on R&D

(Rs. Crores)

	Particulars	2011-12	2010-11
A	Capex	0.50	0.04
B	Recurring	0.65	0.46
C	Total	1.15	0.50
D	Total R & D expenses as a percentage of total turnover	0.38%	0.18%

Technology Absorption, Adaptation and Innovation :

1. Efforts in brief

The Company has a strong technology base. Absorption of enhancements and continuous improvements are ongoing processes.

2. Benefits derived as a result of the above efforts:

The Company has developed certain special purpose machines in-house to improve productivity and quality of the product and also to reduce machinery cost.

These steps have enabled the Company to enhance the competitiveness and there by continue its growth in the global OEM business.

3. (a) Technology Imported (Technology imported during last 5 years reckoned from the beginning of the financial year)

: Nil

(b) Year of Import

: Not Applicable

(c) Has the technology been fully absorbed

: Not Applicable

(d) Areas where technology not fully absorbed, Reason and future plan of action

: Not Applicable

For and on behalf of the Board

Chennai
May 21, 2012

HARISH LAKSHMAN
Vice – Chairman

L. GANESH
Chairman & Managing Director

Annexure - C to Report of the Directors

Particulars as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, annexed to and forming part of the Directors' Report for the year ended March 31, 2012.

S.No	Name	Age	Designation / Nature of Duties	Date of Commencement of Employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of Last Employment
1	L Ganesh	58	Chairman & Managing Director	07.08.1978	66,01,005	B.Com, ACA,MBA	33	-

- Notes:**
1. Remuneration as shown above includes salary, house rent and other allowances, contribution to provident and other funds and perquisites evaluated as per Income Tax Rules.
 2. The services of Mr L Ganesh is contractual in nature.
 3. Mr L Ganesh is related to Mr. L Lakshman, Director of the Company.
 4. No employee of the Company is covered by the provision of Section 217(2A) (a) (iii) of the Companies Act, 1956.

Chennai
May 21, 2012

HARISH LAKSHMAN
Vice – Chairman

For and on behalf of the Board

L. GANESH
Chairman & Managing Director

Annexure – ‘D’ to Report of the Directors

CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

Rane Group's time tested philosophy of Governance is based on principles of integrity, transparency and fairness. The Rane businesses seek enhancement to shareholder value within this framework. Employee behaviour is nourished by this culture and is governed through a policy document "Ethical Standards of Behaviour" that regulates employees and directors.

Our belief in good corporate citizenship drives internal processes towards statutory and regulatory compliances.

2. Board of Directors

As of March 31, 2012, the Company has Seven Directors with an Executive chairman. Of the Seven directors, Six (86%) are Non-Executive directors and Four (57%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with stock exchanges. None of the directors on the Board are members of more than 10 committees or chairman of more than 5 committees across all the companies in which they are Directors. Necessary disclosures regarding committee positions in other public companies as on March 31, 2012 have been made by the Directors.

The Board met Five (5) times during the financial year on May 19, 2011, July 20, 2011, October 19, 2011, January 24, 2012 and March 22, 2012. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below:

Name of the Director	Category	No. of board meetings attended	Whether attended last AGM	Number of Directorship in other companies#		Number of Committees@	
				Chairman	Member	Chairman	Member
Mr. L Ganesh	Executive Chairman & Promoter	5	Yes	6	4	2	7
Mr. L Lakshman	Non-Executive Director & Promoter	4	No	1	11	4	6
Mr. Harish Lakshman	Non-Executive Director & Promoter	5	Yes	–	7	2	2
Mr. R Jagannath	Non-Executive & Independent Director	4	No	–	1	–	1
Mr. Ashok Malhotra	Non-Executive & Independent Director	3	No	–	–	–	2
Mr. C N Srivatsan	Non-Executive & Independent Director	5	Yes	–	3	2	1
Mr. R V Raghavan	Non-Executive & Independent Director	5	Yes	–	2	–	1

Excludes companies exempted under Section 278 of the Companies Act, 1956 and foreign companies.

@ Membership in Audit Committee and Investors' Service / Grievance committee only is considered.

Mr. L Lakshman is related to Mr. L Ganesh and Mr. Harish Lakshman.

The information as required under Annexure IA to Clause 49 of the listing agreement such as annual operating plans and budgets, quarterly results for the Company, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, etc. are placed before the Board of Directors.

3. Audit Committee

Overall purpose / objective

The purpose of the Audit Committee is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

The scope of reference to the committee, inter alia, includes:

1. Discuss the scope of audit and post-audit area of concern, if any, with Statutory Auditors and Internal Auditors.
2. Recommending the appointment of statutory auditor and fixation of audit fee.
3. Review of quarterly / annual financial statements with statutory auditors and management before submission to the Board.

4. Review of internal control systems with the Management, Statutory Auditors and Internal Auditors.
5. Reviewing the adequacy of internal audit function.
6. Review of financial and risk management policies of the Company.
7. Reviewing defaults, if any, in payments to depositors, shareholders and creditors.
8. Reviewing the statement of significant related party transactions submitted by the management
9. Reviewing the management letters/ letters of internal control weaknesses issued by the statutory auditors, if any.
10. Reviewing the internal audit reports relating to internal control weaknesses, if any.
11. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee as on March 31, 2012 is as follows:

Mr. C N Srivatsan - Chairman – Independent Director
 Mr. L Lakshman - Member – Non-Executive Director
 Mr. R Jagannath - Member – Independent Director
 Mr. Ashok Malhotra - Member – Independent Director

All the members of the audit committee are financially literate and possess accounting and related financial management expertise.

Mr. K Sankaranarayanan, Secretary of the Company is the Secretary to the Committee

The committee met four times during the year on May 19, 2011, July 20, 2011, October 19, 2011 and January 24, 2012.

Name of the Director	No. of Meeting attended
Mr. L Lakshman	3
Mr. R Jagannath	3
Mr. C N Srivatsan	4
Mr. Ashok Malhotra	2
Mr. R V Raghavan*	1

* Mr.R V Raghavan was inducted as member of the Audit Committee for the meeting held on July 20, 2011.

The statutory auditors and the internal auditors were present as invitees in all the meetings. The President and Vice President - Finance of the Company attended the meeting by invitation. Based on the requirement, other directors attended the meetings by invitation.

In compliance with Clause 41 of the listing agreement, the Audit committee reviews the quarterly unaudited financial results of the Company (other than the last quarter). These results are subjected to limited review by the statutory auditors of the Company. The statutory auditors are eligible to issue limited review report as the audit firm has been subjected to peer review process of The Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of ICAI.

The audit committee reviews all mandatory information under Clause 49 of the listing agreement.

4. Remuneration to Directors

During the year 2011-12, the Company has paid sitting fees of Rs. 20,000 per meeting to the non-executive directors for each Meeting of the Board & Audit Committee and Rs. 2,500 for attending meeting of other committees of the Board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. In terms of the approval of the shareholders, the commission payable to Mr. L Ganesh, Chairman and Managing Director for the year 2011-12 is Rs. 66,01,005/-. This amount is within the limits prescribed under Schedule XIII to the Companies Act, 1956. The employment of the Managing Director is contractual. There is no severance fee payable to Mr. L Ganesh. The Company does not have any stock option scheme.

No sitting fee is paid to Mr.L Ganesh, Chairman and Managing Director and Mr. L Lakshman, non-executive director, for attending the meetings of the board or other committees of the board. All other Directors are paid sitting fee for attending the Board and other Committee meetings. The details of sitting fee paid to the directors for the year ended March 31, 2012 are as follows:

Name of the Director	Sitting Fees (Rs.)
Mr. L Ganesh	Nil
Mr. L Lakshman	Nil
Mr. R Jagannath	1,40,000
Mr. Ashok Malhotra	1,00,000
Mr. Harish Lakshman	1,05,000
Mr. C N Srivatsan	1,80,000
Mr. R V Raghavan	1,20,000

Number of Shares held by the Directors:

Name of the Director	No. of Shares held
Mr. L Ganesh	50
Mr. L Lakshman	50
Mr. Harish Lakshman	50

None of the other Directors hold any share in the Company.

Rane Engine Valve Limited

5. Code of Conduct

The board of directors has laid down a code of conduct for all board members and senior management of the Company. The same has also been posted on the website of the Company URL: <http://www.rane.co.in/pdf/coc.pdf>. The board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review. Declaration from the Chief Executive Officer to this effect forms part of this report.

The board of directors has also laid down a code of conduct for prevention of Insider Trading. The designated persons have affirmed compliance with the code.

6. Investors' Service Committee

An Investors' Service Committee was constituted on February 06, 2008 to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner.

- (i) The composition of the committee is as follows:
Mr. L Lakshman - Chairman
Mr. L Ganesh
Mr. Ashok Malhotra
Mr. K Sankaranarayanan, Vice President (Finance) & Secretary is the Compliance Officer of the Company.
- (ii) During the year, the Committee met on July 20, 2011

Name of the Director	No. of Meetings Attended
Mr. L Ganesh	1
Mr. L Lakshman	1
Mr. Ashok Malhotra	—

During the year, the Company received three complaints from the investors and all were disposed off. The complaints pertain to change of address and non-receipt of dividend. One of the above mentioned complaints, was received twice, from both National Stock Exchange of India Ltd., and SEBI Compliants Redress System(SCORES), a web based portal administered by SEBI for addressing investor complaints. Action taken report, as required under SCORES has been duly submitted. During the year, no complaint was received from Ministry of Corporate Affairs.

7. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special resolutions passed	Time	Venue
July 20, 2011 (39 th AGM)	No Special resolution was passed	10.30 a.m.	Narada Gana Sabha (Main Hall), 314, T.T.K. Road, Chennai 600 018.
July 20, 2010 (38 th AGM)	Revision in Managerial remuneration payable to Mr. L Ganesh, Chairman, by way of payment of commission	10.30 a.m.	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.
July 22, 2009 (37 th AGM)	No Special resolution was passed	10.30 a.m.	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.

No resolution was required to be passed by means of postal ballot by the members of the Company during the year 2011-12.

8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 28 of the financial statements, have been reviewed by the Audit Committee.

There was no instance of non compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority during the last three years.

The Company has complied with all the mandatory requirements prescribed under revised Clause 49 of the Listing Agreement. The Company has obtained and placed before the Board certificate from the CEO and CFO on matters stated in Clause 49 (V) of the listing agreement.

The Company has complied with the following non-mandatory requirements:-

- maintaining an office for the Chairman at the registered office of the Company.
- adopting best practices to ensure a regime of unqualified financial statements.
- individual communication of half-yearly results to shareholders

No remuneration committee meeting was required to be held during the year. No formal Whistle Blower Policy was adopted by the Company. However, as part of the 'Great Place To Work' initiatives, the Company permits access to its employees to approach the top management on any critical issues.

The present board consists of professional and well-experienced members, hence training and evaluation of the performance of the non-executive directors are not practiced.

To comply with all laws governing the operations and conduct of affairs of the Company in accordance with the highest ethical and legal standards, the Company has adopted a Statutory Compliance Kit (STACK). STACK is a structured process providing comprehensive reference framework to facilitate education to dealing personnel, execution, escalation and regular reviews to strengthen compliance management. The master list of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitory (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.

9. Means of communication

The quarterly / annual financial results were published in "Business Standard" (English) and "Dinamani" (Tamil). The quarterly / annual financial results and the shareholding pattern were uploaded in the websites of the stock exchanges and the Company viz. <http://rane.co.in>. During the year, a presentation was made to analysts / institutional investors and was published in the website of the Company. A Management Discussion and Analysis report is part of the annual report.

10. General Shareholder Information

i. Information about director seeking re-appointment in this annual general meeting

Name of the Director	Mr. Harish Lakshman	Mr. C N Srivatsan
Father's Name	Mr. L Lakshman	Mr. C R Natarajan
Date of birth	February 12, 1974	May 25, 1957
Educational Qualifications	B.E., MSM	C.A., C.I.S.A.,
Experience	Mr.Harish Lakshman has 13 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Limited and Vice Chairman of Rane Engine Valve Limited and looks after manufacturing activities of Rane group	Mr.C.N.Srivatsan has 27 years of diverse experience in handling Indian and overseas assignments
Date of appointment	July 23, 2008	July 22, 2009
Other Directorships	Managing Director Rane TRW Steering Systems Limited Director Rane (Madras) Limited Rane Holdings Limited Rane Brake Lining Limited Rane NSK Steering Systems Limited Rane Diecast Limited JMA Rane Marketing Limited Foreign Company Rane Holdings America Inc. Private Limited Companies Savithur Enterprises Private Limited HL Hill Station Properties Private Limited Broadvision Perspectives India Private Limited Broadvision Services Private Limited SasMos HET Technologies Pvt. Ltd.,	Director Precot Meridian Limited Astral Consulting Limited Kar Mobiles Limited
Committee Memberships	Member – Audit Rane Diecast Limited Chairman – Investors' Service Committee Rane Brake Lining Limited Rane Holdings Limited Member – Investors' Service Committee Rane (Madras) Limited	Chairman – Audit Rane Engine Valve Limited Kar Mobiles Limited Member – Audit Precot Mills Limited
Number of shares held	50	–

Rane Engine Valve Limited

ii Annual General Meeting

July 23, 2012 at 10.15 a.m.

The Music Academy (Mini Hall), New No. 168,
T.T.K. Road, Royapettah, Chennai 600 014.

iii Financial Year - 1st April - 31st March

Financial Calendar:

Board Meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2012	May 21, 2012
Un-audited results for the 1st quarter ending June 30, 2012	July 23, 2012
Un-audited results for the 2nd quarter ending September 30, 2012	October 19, 2012
Un-audited results for the 3rd quarter ending December 31, 2012	January 21, 2013
Annual Accounts for the year ending March 31, 2013	By last week of May 2013

iv. Book Closure & Dividend

The book closure period is from **July 14, 2012** (Saturday) to **July 23, 2012** (Monday), both days inclusive.

Dividend

During the year, the Board of Directors declared an interim dividend of Rs.7.50 per equity share and the same was paid on February 10, 2012 to all eligible shareholders whose name appeared in the Register of Members of the Company on February 7, 2012.

The Board of Directors at its meeting held on May 21, 2012 has recommended a final dividend of Rs.3/- per equity share. The dividend, if declared by the shareholders, will be paid on July 30, 2012 to all those members whose name appear in the Register of Members as on July 23, 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 13, 2012.

v. Listing on Stock Exchanges

Stock Exchange	Stock Code
a) Madras Stock Exchange Ltd, (MSE) 11, Second Line Beach, Chennai 600 001.	RANEENGINE
b) National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	RANEENGINE
c) Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532988

Listing Fee: Annual Listing fees for the financial year 2012-13 have been paid to all the stock exchanges where the shares of the Company are listed.

vi. Unpaid / Unclaimed Dividends :

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 dividends declared by erstwhile Rane Engine Valves Limited) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the Company had transferred to IEPF, towards unclaimed dividend of Rs. 1,31,450 relating to the financial year ended March 31, 2005.

The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividend due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per Share# (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2012) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2005	23.07.2005	3.00	89,202.00	27.08.2012	25.09.2012
31.03.2006*	27.01.2006	5.00	1,46,750.19	02.03.2013	31.03.2013
31.03.2006	25.07.2006	3.00	1,00,050.00	28.08.2013	26.09.2013
31.03.2007*	21.03.2007	8.00	2,49,752.18	25.04.2014	24.05.2014
31.03.2008	23.07.2008	4.50	1,43,676.00	28.08.2015	26.09.2015
31.03.2009	22.07.2009	2.00	86,410.00	26.08.2016	24.09.2016
31.03.2010*	20.01.2010	1.50	51,337.50	24.02.2017	25.03.2017
31.03.2010	20.07.2010	1.50	62,091.00	24.08.2017	22.09.2017
31.03.2011*	24.01.2011	3.00	84,226.00	28.02.2018	29.03.2018
31.03.2011	20.07.2011	2.00	1,27,482.00	24.08.2018	22.09.2018
31.03.2012*	24.01.2012	7.50	3,45,352.00	26.02.2019	27.03.2019

Share of paid-up value of ₹10 per share * Interim dividend

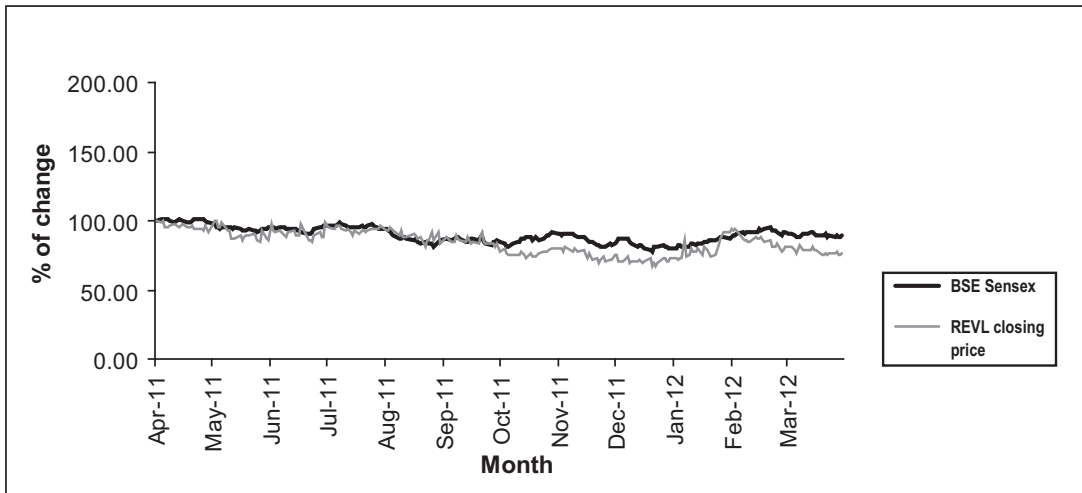
vii. Share Price Data:

There has been no trading in Madras Stock Exchange Limited. The share price data (based on closing price) as quoted on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited during the last financial year viz. April 1, 2011 - March 31, 2012 is given below :

Month	National Stock Exchange of India Ltd (NSE)		Bombay Stock Exchange Ltd (BSE)	
	Share Prices (Rs.)		Share Prices (Rs.)	
	High	Low	High	Low
Apr-11	255.00	228.10	245.00	225.50
May-11	234.00	209.90	243.85	207.90
Jun-11	243.85	205.30	241.55	207.00
Jul-11	238.05	221.25	237.10	220.45
Aug-11	228.00	209.00	232.30	198.25
Sep-11	219.00	192.10	223.95	190.40
Oct-11	192.35	181.10	196.95	179.05
Nov-11	202.85	168.55	198.25	169.40
Dec-11	184.50	163.10	183.75	163.20
Jan-12	230.10	169.10	231.55	175.00
Feb-12	233.50	191.60	229.25	191.20
Mar-12	202.00	185.75	201.90	183.80

Source : www.bseindia.com; www.nseindia.com

Performance of share price of the Company vs. the BSE Sensex:



Note: Both BSE Sensex and REVL Share Prices are indexed to 100 as on April 1, 2011

viii. Registrar and Transfer Agents

The contact details of the Registrar and Transfer Agents is as follows:-

Integrated Enterprises (India) Ltd.,

II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road,
T. Nagar, Chennai – 600 017.

Phone: 28140801 – 03, Fax: 28142479, 28143378.

e-mail: corpserv@iepindia.com

Name of the contact person: Mr. K. Suresh Babu, Vice President.

Rane Engine Valve Limited

ix. Share Transfer System

The power to approve transfer of shares has been delegated by the Board to the share transfer committee. Share transfer process is completed within 30 days from the date of receipt of transfer documents by the Registrar and Transfer Agents (RTA). Requests for dematerialisation are generally confirmed on a weekly basis by the RTA.

On a half-yearly basis the compliance with the share transfer formalities is audited by a Practising Company Secretary (PCS) in terms of Clause 47(c) of the Listing Agreement with the stock exchanges and a certificate to this effect is filed with the stock exchanges. Also reconciliation of share capital audit in terms of regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 is taken up on a quarterly basis and the report of the PCS is filed with the stock exchanges certifying that the total listed capital of the Company is in agreement with the total number of shares in physical and dematerialized form and that there is no difference between the issued and the listed capital of the Company.

x. Distribution of shareholding as on March 31, 2012

Holding	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	3,867	91.51	4,02,151	7.81
501 - 1000	164	3.88	1,19,456	2.32
1001 - 2000	80	1.92	1,16,569	2.26
2001 - 5000	77	1.82	2,57,827	5.01
5001 - 10000	11	0.28	87,712	1.70
10001 - 20000	12	0.28	1,83,468	3.56
20001 - 50000	6	0.17	2,78,075	5.40
50001 - 100000	2	0.05	1,13,072	2.19
100001 & above	4	0.09	35,92,662	69.75
Total	4,223	100.00	51,50,992	100.00

xi. Pattern of shareholding as on March 31, 2012

Sl. No.	Category	No. of Shareholders	No. of shares	% to total capital
A	Promoters	14	27,63,574	53.65
B	Banks & Financial Institutions	6	1,04,544	2.03
C	Private Bodies Corporate	113	6,37,497	12.38
D	NRIs / OCBs / Foreign Collaborator	39	2,65,757	5.16
E	Indian Public & Others	4,051	13,79,620	26.78
	Total	4,223	51,50,992	100.00

xii Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2012, about 93.05% of the shareholdings have been dematerialised.

Demat ISIN Number: **INE 222J01013**

Corporate Identification Number (CIN): **L74999TN1972PLC006127**

xiii Plant locations - Given in the first page of the Annual Report.**xiv. Address for communication:**

Mr. K Sankaranarayanan
Compliance Officer
Rane Engine Valve Limited
Rane Corporate Centre,
"Maithri", 132, Cathedral Road,
Chennai 600 086.
Ph.28112472 Fax: 28112449
E-mail: investorservices@rane.co.in

OR

Mr. K Suresh Babu
Vice President
Integrated Enterprises (India) Ltd.,
II Floor, 'Kences Towers',
No.1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai 600 017.
Phone: 28140801-03, Fax: 28142479
E-mail: corpserv@iepindia.com

AUDITORS' CERTIFICATE

To the Shareholders of Rane Engine Valve Limited

We have examined the compliance of conditions of Corporate Governance by Rane Engine Valve Ltd. for the year ended on 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Reg. No. 000511S

P.S. KUMAR
Partner

(Membership No. 15590)

Chennai
May 21, 2012

To
The Members
Rane Engine Valve Limited

Declaration by Chief Executive Officer on Code of Conduct under Clause 49 of the Listing Agreement

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2012.

Place : Chennai
Date : May 21, 2012

L. Ganesh
Chairman & Managing Director

AUDITORS' REPORT TO THE MEMBERS OF RANE ENGINE VALVE LIMITED

1. We have audited the attached balance sheet of Rane Engine Valve Limited as at 31st March 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, statement of profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2012;
 - (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No: 000511S

P.S. KUMAR
Partner

Chennai
May 21, 2012

(Membership No: 15590)

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The provisions of the following clauses of Companies (Auditor's Report) Order, 2003 are not applicable to the company for the year with respect to:
 - a) Clause 4 (x) with regard to accumulated losses since the company's networth is positive and the company has not incurred any cash losses during the current year and in the immediately preceding financial year;
 - b) Clause 4 (xii) with regard to loans granted against pledge of securities since no loans have been granted by the company during the year;
 - c) Clause 4 (xiii) with regard to special statutes applicable to Chit funds and Nidhis since the company has not carried on such business;
 - d) Clause 4 (xiv) with regard to trading in securities since the company did not carry on such activities during the year;
 - e) Clause 4 (xviii) with regard to preferential allotment of shares to specified parties since no allotment of shares was made during the year;
 - f) Clause 4 (xix) with regard to creation of security or charge in respect of debentures since no debentures issued during the year; and
 - g) Clause 4 (xx) with regard to money raised by public issue since no money was raised by public issue during the year.
2.
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The company has a programme of verification of fixed assets whereby all the fixed assets are physically verified by the management over a period of three years in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) The company has not during the year disposed off a substantial part of the fixed assets which would give rise to the question of impairment of status of the company as a going concern.
3.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
4.
 - (i) In our opinion and according to the information and explanations given to us, during the year, the company has granted an interest free unsecured loan of ₹0.25 crores to a public charitable trust covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loan is ₹0.75 crores. In our opinion, the terms and conditions of such loan is not prima facie prejudicial to the interest of the company and no amount is due for repayment in respect of above loan as at the balance sheet date.
 - (ii)
 - a) The company has not taken any loans secured or unsecured to / from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956 except fixed deposits accepted from directors and their relatives. These deposits have been accepted from 9 parties aggregating to ₹1.76 Crores which are outstanding as on 31st March, 2012.
 - b) In our opinion the rate of interest and other terms and conditions of these deposits are not prima facie prejudicial to the interest of the company.
 - c) The payment of principal and interest are regular.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
6.
 - a) Based on the audit procedures applied by us and according to the information and explanations

provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. The company has accepted deposits from the public and has complied with the Directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under where applicable. According to the explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
10. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty, Cess applicable to it.
11. Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of customs duty, wealth tax, and cess on account of any dispute. The details of disputed excise duty, trade tax, income tax, service tax and sales tax that have not been deposited with the appropriate authorities are as follows:

Nature of Dues	Amount (₹. in Crores)	Forum where dispute is pending
Sales Tax demands for the financial year 2003-2004	0.07	Deputy Commissioner (Appeals) Commercial Taxes, Ernakulam
Service Tax	0.05	Commissioner of Central Excise (Appeals), Trichy
Service Tax	0.01	Commissioner of Central Excise (Appeals), Chennai
Service Tax	–	Customs, Excise & Service Tax Appellate Tribunal, Chennai (₹ 29,000)
Excise duty	0.01	Excise Appellate Tribunal, Bengaluru
Trade Tax	–	Joint Commissioner - Trade Tax, Kanpur (₹ 38,000)
Income Tax for the Assessment Year 2004-05 and 2005-06	0.43	Commissioner of Income Tax (Appeals), Chennai

12. The company has not defaulted in repayment of dues to financial institutions, or banks. The company has not issued any debentures.
13. The company has not given any guarantee for loans taken by others from banks or financial institutions.
14. On the basis of review of utilisation of funds on overall basis the term loans taken by the company were applied for the purposes for which the loans were obtained.
15. According to the information and explanation given to us and on a overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
16. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No: 000511S

P.S.KUMAR
Partner
(Membership No. 15590)

Chennai
May 21, 2012

Rane Engine Valve Limited

BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note	₹. Crores	
		As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	5.15	5.15
Reserves and Surplus	3	99.46	84.97
		104.61	90.12
Non-Current Liabilities			
Long-Term Borrowings	4	43.64	44.15
Deferred Tax Liabilities (Net)	5	9.61	8.85
Long Term Provisions	6	3.02	2.89
		56.27	55.89
Current Liabilities			
Short-Term Borrowings	7	36.76	21.16
Trade Payables	8	24.98	27.16
Other Current Liabilities	9	37.43	37.86
Short-Term Provisions	10	2.49	1.82
		101.66	88.00
		262.54	234.01
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	136.08	121.90
Intangible Assets	11	0.24	0.15
Capital Work-in-Progress	11	12.26	9.60
Long term loans and advances	12	10.92	10.33
		159.50	141.98
Current Assets			
Inventories	13	41.42	31.96
Trade Receivables	14	44.49	43.77
Cash and Bank Balances	15	2.82	7.54
Short-Term Loans and Advances	16	7.67	8.13
Other Current Assets	17	6.64	0.63
		103.04	92.03
		262.54	234.01

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn No: 000511S

P.S. KUMAR
Partner
Membership No. 15590

L. LAKSHMAN
Director

L. GANESH
Chairman &
Managing Director

CHENNAI
May 21, 2012

K. SANKARANARAYANAN
Vice President - Finance & Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note	Year ended 31 March 2012	₹. Crores Year ended 31 March 2011
Revenue from Operations	19	330.62	310.38
Less: Excise Duty		23.60	22.07
		307.02	288.31
Other Income	20	2.17	1.39
Total Revenue		309.19	289.70
Expenses:-			
Cost of Raw Materials Consumed	21	99.24	88.48
Purchase of Traded Goods	22	5.91	5.33
Changes in Inventories of Finished goods, Work-in-Progress and Stock-in-Trade	23	(10.09)	0.08
Employee Benefits Expense	24	67.93	63.36
Finance Costs	25	7.77	6.50
Depreciation and Amortization		18.64	17.04
Other Expenses	26	103.28	92.79
Total Expenses		292.68	273.58
Profit before Exceptional Items and Tax		16.51	16.12
Exceptional Items (Net) (Refer Note No.36)		12.21	-
Profit Before Tax		28.72	16.12
Tax Expense:			
Current tax		7.19	4.41
MAT Credit Utilised		-	1.28
Deferred Tax		0.76	(0.35)
Relating to Earlier Years		-	(0.02)
Profit for the year		20.77	10.80
Earning per Equity Share:			
Basic		40.32	20.97
Diluted		40.32	20.97
Number of shares of ₹.10 each		51,50,992	51,50,992

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No: 000511S

P.S. KUMAR
Partner
Membership No. 15590

L. LAKSHMAN
Director

L. GANESH
Chairman &
Managing Director

CHENNAI
May 21, 2012

K. SANKARANARAYANAN
Vice President - Finance & Secretary

Rane Engine Valve Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹. Crores

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
A. Cash flow from operating activities		
Net profit before tax	28.72	16.12
Adjustments for:		
Depreciation	18.64	17.04
Unrealised Foreign exchange loss / (gain) - net	(0.18)	0.04
Dividend income	-	(0.02)
Interest expense	7.77	6.50
(Gain) / Loss on sale of fixed assets - net	(16.28)	(0.02)
Assets Written off / Provision for Retirement of Assets	0.03	0.11
Provision for bad debts and bad debts written off	0.21	0.04
Advances Written Off / Provision for Doubtful Advances	-	0.21
Voluntary retirement expenditure	4.06	-
Provision for gratuity and leave salary - (net)	0.19	(0.12)
Operating profit before working capital changes	43.16	39.90
Adjustments for:		
(Increase) / Decrease in trade and other receivables	(6.39)	(3.14)
(Increase) / Decrease in inventories	(9.46)	(1.49)
Increase / (Decrease) in sundry creditors	(4.67)	6.09
Cash generated from operations	22.64	41.36
Income taxes paid - net of refund	(8.70)	(4.80)
Net cash from operating activities (A)	13.94	36.56
B. Cash flow from investing activities		
Purchase of fixed assets	(34.96)	(24.17)
Proceeds from sale of fixed assets	16.81	0.55
Payment for voluntary retirement expenditure	(4.06)	-
Dividend received	-	0.02
Net cash used in investing activities (B)	(22.21)	(23.60)
C. Cash flow from financing activities		
Proceeds from long term borrowings	22.06	20.35
Proceeds from other borrowings	13.19	(0.31)
Repayment of long term borrowings	(18.32)	(17.70)
Repayment of Interest Free Sales Tax	(0.39)	(0.49)
Interest paid	(7.32)	(6.06)
Dividend paid	(5.67)	(2.72)
Net cash from financing activities (C)	3.55	(6.93)
Net Increase/(Decrease) in cash equivalents (A)+(B)+(C)	(4.72)	6.03
Cash and cash equivalents - Opening Balance	7.54	1.51
Cash and cash equivalents - Closing Balance	2.82	7.54
	4.72	(6.03)

As per our report of even date attached

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn No: 000511S

For and on behalf of the Board

P.S. KUMAR
Partner
Membership No. 15590

L. LAKSHMAN
Director

L. GANESH
Chairman &
Managing Director

CHENNAI
May 21, 2012

K. SANKARANARAYANAN
Vice President - Finance & Secretary

Notes forming part of Financial Statements for the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

System of Accounting

1.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and comply with the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and issued by the Institute of Chartered Accountants of India (ICAI).

1.2 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Estimates include allowance for uncollectible accounts receivables, future obligations under employees benefit plans, useful life of fixed assets, accounting for employee cost pending execution of agreements with workmen unions etc. The actual amounts (crystallized after preparation of financial statements) may differ from these estimates.

1.3 Fixed Assets, Impairment & Depreciation

Fixed assets are stated at cost. None of the fixed assets has been revalued. Expenses incurred in connection with project prior to the commencement of commercial production are treated as part of project cost and capitalised as part of fixed assets.

If an asset is carried at a value more than the recoverable amount through use or sale of the asset, such impairment of asset is recognized as expenditure of the year. If such impairment ceases to exist then the same is recognized as income of that year.

1.4 Depreciation is provided on straight line method at the rates specified in Schedule-XIV to the Companies Act, 1956 except for :

- a) Assets acquired upto 31.03.1995 – On written down value method.
- b) Assets of following categories based on useful life acquired on or after 01.04.1996

Assets	Useful Life	Years
1	Vehicles	5
2	Furniture & Fittings	5
3	Office Equipments	3
4	Licence	3

1.5 In case of second hand assets, depreciation is calculated taking into account the estimated useful life of the assets.

1.6 Inventories

Raw materials, work in progress and finished goods are valued at lower of cost and net realisable value. Other items of inventory are valued at cost. Cost is determined on Weighted Average basis. Cost includes conversion and other costs incurred in bringing the inventories to the present location and condition.

1.7 Foreign Currency Transactions

Transaction and Translation

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement and translation of monetary items other than for acquisition of fixed assets, at the year end are recognised as income or expense in the year in which they arise.

Premium or discount on forward / option contracts is amortised over the life of such contracts and is recognised as income or expense in the Profit and Loss account.

Exchange differences arising on settlement / translation of long term monetary items utilized for acquisition of fixed assets are adjusted to carrying cost of fixed assets.

Derivative instruments and Hedge accounting :

1.8 The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward contract and option contracts, where the counterparty is a bank. Pursuant to ICAI Announcement “Accounting for Derivatives” on the early adoption of Accounting Standard AS 30 “Financial Instruments: Recognition and Measurement”, the Company has early adopted the standard and accordingly, the changes in the fair values of forward contracts and options designated as cash flow hedges are recognised directly in ‘Hedge Reserve Account’ being part of the shareholders’ funds and reclassified into the profit and loss account upon the occurrence of the hedged transactions. The changes in fair value relating to

Notes forming part of Financial Statements for the year ended 31st March, 2012

the ineffective portion of the cash flow hedges and forward contracts / options not designated as cash flow hedges are recognised in the profit and loss account as they arise.

1.9 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets requires a substantial period of time are capitalised as a part of the cost of the asset if they will result in future economic benefit to the company. All other borrowing costs are charged to revenue.

1.10 Taxes on Income

Provision for Current tax (inclusive of Minimum Alternate Tax) is made based on the tax liability computed on taxable income in accordance with relevant tax rates and tax laws.

Deferred tax, being tax on timing difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years, has been recognized.

Deferred tax assets, excluding assets arising from loss/depreciation carried forward, are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case of carried forward loss/depreciation, it is recognized only if virtual certainty exists.

1.11 Research & Development

Revenue expenditure is charged under natural heads in Profit and Loss Account.

Capital expenditure is shown as addition to fixed assets under natural heads.

1.12 Employee Benefits

Defined Benefit Plan :

Gratuity : (Funded)

In accordance with applicable laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all staff, workers and officers. The Gratuity Plan provides for, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a Gratuity trust which in turn mainly contributes to Life Insurance Corporation of India (LIC) for this purpose. Under this plan the settlement obligation remains with the Gratuity trust. Life Insurance Corporation of India administers the

plan and determines the contribution premium required to be paid by the trust.

Leave encashment liability : (Unfunded)

In accordance with applicable rules, the liability for leave encashment (defined benefit plan (Unfunded)) was actuarially valued and provided in the books of accounts, covering all staff, workers and officers.

Provident Fund :

In addition to the above benefits, all employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognised Provident Fund Trust. For other employees contributions are made to the regional Provident Fund Commissioners as per law. The Government mandates the annual yield to be provided to the employees on their corpus. For the first category of employees (covered by the Trust), the company has an obligation to make good the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government.

Superannuation :

Defined Contribution Plan where contributions are made to a Trust which in turn contributes to LIC.

Apart from being covered under the Gratuity Plan described above, the employees of the Company who are Assistant Managers and above also participate in a defined contribution Superannuation plan maintained by the Company. The Company has no further obligations under the plan except making annual contributions based on a specified percentage of each covered employees salary.

1.13 Pre-operative Expenditure

All expenditure incurred prior to commencement of business / expansion of business activities is carried forward as pre-operative expenditure and included in Capital Work in Progress and is capitalised along with the cost of fixed assets on commencement of business.

1.14 Revenue Recognition

1.14.1 Sales are net of sales returns and trade discounts and exclude all taxes and levies.

1.14.2 Duty drawback entitlement is accounted on accrual basis.

1.15 Insurance claims are accounted for on the basis of claims lodged with insurance company and to the extent that there is a reasonable certainty in realising the claims.

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores			
Particulars	As at 31 March 2012	As at 31 March 2011			
SHAREHOLDER'S FUNDS					
2 Share Capital					
Equity Share Capital					
Authorised Share Capital:-					
1,00,00,000 Shares (1,00,00,000 Shares) of ₹.10 each	<u>10.00</u>	<u>10.00</u>			
	<u>10.00</u>	<u>10.00</u>			
Issued, Subscribed and Fully Paid Up:-					
51,50,992 Equity Shares (51,50,992 Equity Shares) of ₹.10 each	<u>5.15</u>	<u>5.15</u>			
	<u>5.15</u>	<u>5.15</u>			
2.1 Number of Shares held by Holding Company					
Rane Holdings Limited	27,59,686	27,59,686			
2.2 Reconciliation of the number of shares outstanding					
Number of Equity Shares outstanding as at the beginning of the period	51,50,992	51,50,992			
Number of Equity Shares outstanding as at the end of the period	51,50,992	51,50,992			
Change in the number of Equity Shares Outstanding	-	-			
2.3 Shares in the company held by each shareholder holding more than 5 per cent shares					
Name of Shareholder	As at 31 March 2012	As at 31 March 2011			
	No. of Shares held	% of Holding	No. of Shares held		
			% of Holding		
Rane Holdings Limited, the Holding Company	27,59,686	53.58	27,59,686		
Enam Share and Securities Private Limited	4,78,890	9.30	-		
TRW Automotive J V LLC	2,52,000	4.89	5,04,000		
			9.78		
2.4	The Board of Directors in their meeting on January 24, 2012 declared an interim dividend of ₹.7.50 per equity share. Further the Board of Directors, in their meeting on May 21, 2012 proposed a final dividend of ₹.3/- per equity share. The proposal is subject to approval of shareholders at the Annual General Meeting to be held on July 23, 2012.				
2.5	The Company has only one class of shares i.e. equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.				
2.6 Details of shares allotted / bought back during the five years preceding the Balance Sheet date					
Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Equity Shares :					
Fully paid up pursuant to scheme of arrangement of the company with erstwhile Rane Engine Valves Limited, without payment being received in cash	-	-	-	51,50,992	-

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores	
Particulars	As at 31 March 2012	As at 31 March 2011	
3 Reserves and Surplus			
Reserves			
Capital Reserve			
Opening Balance	0.57	0.57	
Capital Subsidy			
Opening Balance	0.23	0.23	
Export Incentive Reserve			
Opening Balance	0.19	0.19	
Hedge Reserve Account			
Opening Balance	–	(0.21)	
<i>Add</i> : Additions during the year	–	–	
<i>Less</i> : Deductions during the year	–	(0.21)	
Closing balance	–	–	
General Reserve			
Opening Balance	70.12	69.04	
<i>Add</i> : Additions during the year	2.08	1.08	
<i>Less</i> : Deductions during the year	–	–	
Closing balance	<u>72.20</u>	<u>70.12</u>	
	<u>73.19</u>	<u>71.11</u>	
Surplus			
Opening Balance	13.86	7.14	
<i>Add</i> :-			
Net Profit after tax transferred from Statement of Profit and Loss	20.77	10.80	
<i>Less</i> :-			
Interim Dividend ₹.7.50 per share (₹.3.00 per share)	3.86	1.55	
Final Dividend-Proposed ₹.3.00 per share (₹.2.00 per share)	1.54	1.03	
Tax on dividend	0.88	0.42	
Transfer to general reserve	2.08	1.08	
Closing Balance	<u>26.27</u>	<u>13.86</u>	
	<u>99.46</u>	<u>84.97</u>	

Notes forming part of Financial Statements for the year ended 31st March, 2012

	As at 31 March 2012	As at 31 March 2011
₹. Crores		
Particulars		
NON CURRENT LIABILITIES		
4 Long Term Borrowings		
Secured		
Term Loans from Banks (Refer Note No.4.1 and 4.2)	35.74	28.90
	35.74	28.90
Unsecured		
Fixed Deposits (Refer Note No.4.3.1 and 4.3.2)	3.43	10.25
Other Loans and Advances		
Interest Free Sales Tax Loan from Government of Andhra Pradesh (Refer Note No.4.3.3)	4.47	5.00
	7.90	15.25
	43.64	44.15

4.1 Notes on Secured Long Term Borrowings

Term loans are secured by pari-passu basis first charge on the company's immovable properties both present and future and also secured by hypothecation of company's movable properties both present and future.

4.2 The details of the long term borrowings are as follows:

Particulars	Repayment Start Date	O/s. Amt. as on 31.03.2012 (₹ Crores)	Current Maturities (₹ Crores)	Interest Rate	Instalment Amt. (₹ Crores)	No. of Quarterly Instalments
Rupee Term Loans						
South Indian Bank Ltd.	Jan-2010	4.65	2.67	12.25%	0.67	15
HDFC Bank Ltd.	Apr-2009	2.94	2.35	10.23%	0.59	17
Yes Bank Ltd.	Jul-2011	4.06	1.25	11.92%	0.31	16
External Commercial Borrowing (Fully Hedged)						
Standard Chartered Bank	Nov-2008	2.97	2.97	8.90%	1.49	16
HDFC Bank Ltd.						
Loan 1	Jan-2012	14.26	1.57	8.00%	1.10	14
Loan 2	Jan-2013	22.06	4.39	9.20%	1.58	14
		50.94	15.20			

There has been no default as on Balance Sheet date in repayment of loans and interest.

4.3 Notes on Unsecured Long Term Borrowings

- 4.3.1 Fixed Deposit accepted from public carry interest @ 8.5 % to 11.0 % and are for a tenure of 2 to 3 years.
- 4.3.2 Fixed Deposit includes due to related parties of ₹.0.57 Crores (₹.1.55 Crores)
- 4.3.3 The company is entitled for deferment of sales tax for a period of 14 years from 1996 to 2010 and the first year loan is repayable during March 2010 and the second year's loan is repayable in the year 2011 and the amount deferred in year 2010 is repayable in the year 2024. The company should continue to be in operation and there should not be any change in location or management of the company until the loan is fully repaid.

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2012

Particulars	₹. Crores	
	As at 31 March 2012	As at 31 March 2011
5 Deferred Tax Liabilities (NET)		
Liability		
Related to Fixed Assets	12.11	10.54
	<u>12.11</u>	<u>10.54</u>
Assets		
Provision for Leave Salary	1.02	1.00
Provision for Liability	0.31	0.64
Provision for Doubtful Debts	0.12	0.05
Voluntary Retirement Compensation Scheme	1.05	-
	<u>2.50</u>	<u>1.69</u>
	<u>9.61</u>	<u>8.85</u>
6 Long Term Provisions		
Provision for employee benefits		
Leave Encashment (Unfunded)	3.02	2.89
	<u>3.02</u>	<u>2.89</u>
CURRENT LIABILITIES		
7 Short Term Borrowings		
Secured		
Loans repayable on demand from banks (Refer Note No.7.1)	26.76	21.16
	<u>26.76</u>	<u>21.16</u>
Unsecured		
Commercial Paper (Refer Note. No.7.2)	10.00	-
	<u>10.00</u>	<u>-</u>
	<u>36.76</u>	<u>21.16</u>

7.1 Short term borrowings from banks are secured by hypothecation of raw materials, work in progress, finished goods, stores & spares and book debts.

7.2 Maximum amount of Commercial Paper outstanding at any time during the year was ₹.10 Crores (₹10 Crores)

7.3 None of the above loans have been guaranteed by any Directors or others.

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores	
Particulars	As at 31 March 2012	As at 31 March 2011	
8 Trade Payables			
Related Party	0.65	0.40	
Others (Refer Note No.39)	24.33	26.76	
	<u>24.98</u>	<u>27.16</u>	
9 Other Current Liabilities			
Current Maturities of Long Term Borrowings (Refer Note No.9.1)	23.80	22.19	
Interest accrued but not due on borrowings	1.59	1.10	
Fixed Deposit interest paid but not encashed	0.03	0.07	
Unclaimed Dividends (Refer Note. No.34)	0.15	0.13	
Unclaimed Matured Fixed Deposits	0.00	-	
Advance Received for Sale of Land	-	4.00	
Employee Related dues	2.90	2.92	
Payable on Purchase of Fixed Assets	3.27	1.21	
Contractual	1.03	1.57	
Statutory Dues	1.79	1.54	
Others (Refer Note No.9.3)	2.87	3.13	
	<u>37.43</u>	<u>37.86</u>	
9.1 Current maturities of long term borrowings			
Current Maturities of Long Term Debt	15.21	18.31	
Current Maturities of Fixed Deposits (Refer Note. No.9.2)	8.06	3.49	
Current Maturities of IFST Loan	0.53	0.39	
	<u>23.80</u>	<u>22.19</u>	
9.2	Current Maturities of Fixed Deposits include due to related parties of ₹ 1.19 Crores (₹ 0.21 Crores)		
9.3	Amount due to directors ₹ 0.66 Crores (₹ 0.45 Crores)		
10 Short Term Provisions			
Provision for employee benefits			
Gratuity (Funded)	0.57	0.42	
Leave Encashment (unfunded)	0.12	0.20	
Other provisions			
Proposed Dividend on Equity Shares & Provision for Tax on distributed profits	1.80	1.20	
	<u>2.49</u>	<u>1.82</u>	

Notes forming part of Financial Statements for the year ended 31st March, 2012

NON-CURRENT ASSETS

11. Fixed Assets

₹ Crores

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2011	Additions/ Adjustments	Disposals/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the Period	Disposals/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible assets (Refer Note 11.1 to 11.3)										
Land	1.96	–	0.00	1.96	–	–	–	–	1.96	1.96
Buildings	24.54	1.18	0.04	25.68	7.13	0.68	0.03	7.78	17.90	17.41
Plant and Equipment	211.36	31.26	2.87	239.75	109.94	17.27	2.38	124.83	114.92	101.42
Furniture and Fixtures	4.47	0.52	0.31	4.68	3.66	0.41	0.29	3.78	0.90	0.81
Vehicles	0.21	0.00	0.12	0.09	0.16	0.03	0.10	0.09	0.00	0.05
Office equipment	1.43	0.32	0.12	1.63	1.18	0.16	0.11	1.23	0.40	0.25
	243.97	33.28	3.46	273.79	122.07	18.55	2.91	137.71	136.08	121.90
Intangible assets										
Licenses	1.04	0.18	–	1.22	0.89	0.09	–	0.98	0.24	0.15
	1.04	0.18	–	1.22	0.89	0.09	–	0.98	0.24	0.15
	245.01	33.46	3.46	275.01	122.96	18.64	2.91	138.69	136.32	122.05
For the year 2010-11	234.76	16.81	6.56	245.01	111.63	17.04	5.71	122.96	122.05	123.13
Capital Work in Progress									12.26	9.60
									148.58	131.65

11.1 Foreign currency fluctuation loss of ₹ 0.09 Crores (fluctuation gain of ₹ 0.08 Crores) arising on settlement / translation of long term borrowings utilised for acquisition of capital assets are adjusted to the cost of the assets.

11.2 Borrowing Cost of ₹ 0.28 Crores (₹ 0.18 Crores) is capitalised along with the cost of capital asset.

11.3 In compliance with the Notification No.GSR226 (E), dated 31st March, 2009 issued by Ministry of Corporate Affairs, the company has exercised the option in terms of newly inserted paragraph 46 to the Accounting Standard – AS -11 “the effect of changes in Foreign Exchange Rates”. Accordingly, the exchange differences, fluctuation loss of ₹ 0.09 Crores (fluctuation gain of ₹ 0.08 Crores) adjusted to cost of fixed assets arising on settlement / translation of foreign currency monetary items utilised to acquire depreciable capital assets.

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores
Particulars	As at 31 March 2012	As at 31 March 2011
12 Long Term Loans and Advances		
Unsecured, considered good, unless otherwise stated		
Capital Advances	2.45	3.62
Security Deposits	2.26	1.98
Loans and advances to related parties	0.75	0.50
Rent Deposits	0.15	0.32
Other loans and advances		
Advance Income Tax	48.18	39.48
Less : Provision for Income Tax	(43.25)	(36.06)
	4.93	3.42
Other Advances		
Considered Good	0.38	0.49
Considered Doubtful	0.21	0.21
Less: Provision for doubtful advances	(0.21)	(0.21)
	0.38	0.49
	10.92	10.33
CURRENT ASSETS		
13 Inventories		
Valued at Lower of Cost or Realisable value		
Raw Materials	6.97	8.47
Raw Material-Goods in Transit	2.03	2.03
Work in Progress	7.35	7.15
Finished Goods	10.08	4.14
Finished Goods-Goods in Transit	6.14	2.76
Stock in Trade	0.81	0.24
Stores and Spares	8.04	7.17
Loose Tools	0.00	0.00
	41.42	31.96
14 Trade Receivables		
Unsecured		
Over six months		
Considered good	-	-
Considered doubtful	0.09	0.03
Others		
Considered good	44.49	43.77
Considered doubtful	0.27	0.12
	44.85	43.92
Less:- Provison for Doubtful receivables	(0.36)	(0.15)
	44.49	43.77

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores	
Particulars	As at 31 March 2012	As at 31 March 2011	
15 Cash and Bank balances			
Cash and cash equivalents			
Balance with banks			
In Current Accounts	2.02	2.92	
In Deposit	0.57	4.00	
Cash on hand	0.05	0.06	
Other bank balances			
Bank deposit with maturity more than 3 months but less than 12 months	–	0.36	
Earmarked balances with banks			
Unpaid Dividend accounts	0.15	0.13	
Unpaid Interest warrant accounts	0.03	0.07	
Bank deposits with more than 12 months maturity	–	–	
	2.82	7.54	
16 Short Term Loans and Advances			
Unsecured, considered good, unless otherwise stated			
Loans and Advances to Employees	0.33	0.32	
Prepaid expenses	1.14	1.07	
Balance with government authorities			
Customs and Excise	5.10	5.69	
Value added tax	0.53	0.46	
Others	0.12	–	
	5.75	6.15	
Rent Deposits	0.16	–	
Other Advances	0.29	0.59	
	7.67	8.13	
17 Other Current Assets			
Unamortised Borrowing Cost	0.30	–	
Unamortised Option Premium	0.13	0.00	
Interest accrued on Deposits	0.11	0.05	
Insurance Claims Receivable	5.67	0.58	
Duty Draw Back Receivable	0.43	–	
	6.64	0.63	

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores
Particulars	Year ended 31 March 2012	Year ended 31 March 2011
18 CONTINGENT LIABILITIES AND COMMITMENTS		
18.1 Contingent Liabilities		
Claims against the company not acknowledged as debt		
Labour Disputes	0.16	0.16
Income Tax	1.59	0.89
Other Liabilities	0.39	0.30
Guarantees & Letter of Credits issued by the banks	1.75	7.94
Liability on bills discounted with banks	2.60	3.59
	6.49	12.88
18.2 Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	8.77	8.84
18.3 Other commitments		
18.3.1 The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports amounting to ₹ 9.97 Crores within the period allowed under the scheme.		
18.3.2 The Company may have liability on account of Fuel Surcharge Adjustment, if any, to be notified by Southern Power Distribution Company of A.P. Limited (APSPDCL) for the earlier years on the power supplied by them.		
19 Revenue from Operations		
Sale of products (Refer Note No. 19.1)	325.36	307.67
Less : Excise duty	23.12	21.83
	302.24	285.84
Other operating revenues (Refer Note No.19.2)	5.26	2.56
Less : Excise duty	0.48	0.24
	4.78	2.32
Sale of services	-	0.15
	307.02	288.31

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2012

Particulars	₹. Crores	
	Year ended 31 March 2012	Year ended 31 March 2011
19.1 Sale of Products Comprises :		
Manufactured Goods		
Valves	276.86	263.55
Guides	23.94	21.45
Tappets	11.77	10.35
Total	312.57	295.35
Traded Goods		
Valves	12.79	12.11
Guides	—	0.21
Total	12.79	12.32
	325.36	307.67
19.2 Other Operating Revenue Comprises:		
Sale of Materials	1.85	0.58
Sale of Scrap	2.71	1.98
Duty Drawback Receipts	0.70	-
	5.26	2.56
20 Other Income		
Interest Income	0.92	0.48
Dividend Income		
from Mutual funds	—	0.02
Profit on Sale of Assets	0.29	0.29
Provision no longer required written back	0.81	0.51
Other non-operating income - Net	0.15	0.09
	2.17	1.39
21 Cost of Raw Materials Consumed (Refer Note.No.21.1 and 26.2)		
Opening Stock	10.50	9.89
Add : Purchases	97.74	89.09
Less : Closing Stock	9.00	10.50
Cost of Materials Consumed	99.24	88.48
21.1 Materials consumed comprises:		
Alloy steel	81.03	68.04
Hardfacing materials	6.59	6.50
Guide castings	7.33	5.46
Others	4.29	8.48
	99.24	88.48

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores
Particulars	Year ended 31 March 2012	Year ended 31 March 2011
22 Purchase of Traded goods		
Trading purchase	5.91	5.33
	5.91	5.33
23 Changes in inventories		
Inventories at the end of the year:		
Finished goods	16.22	6.90
Work-in-progress	7.35	7.15
Stock-in-Trade	0.81	0.24
	24.38	14.29
Inventories at the beginning of the year:		
Finished goods	6.90	7.28
Work-in-progress	7.15	6.94
Stock-in-Trade	0.24	0.15
	14.29	14.37
Net (increase) / decrease	(10.09)	0.08
24 Employee Benefits Expense		
Salaries and Wages	53.64	50.51
Contributions to -		
Provident and other Funds	3.14	3.13
Superannuation scheme	0.42	0.37
Gratuity fund contribution	0.74	0.85
Staff welfare expenses	9.99	8.50
Voluntary Retirement Scheme Compensation (Refer Note No.36.2)	-	-
	67.93	63.36
25 Finance Costs		
Interest expense	7.51	6.25
Other borrowing costs	0.05	0.25
Net (gain) / loss on foreign currency transactions and translation	0.21	-
	7.77	6.50

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2012

		₹. Crores	
Particulars	Year ended 31 March 2012	Year ended 31 March 2011	
26 Other Expenses			
Stores and Tools consumed	21.75	20.84	
Power and Fuel	18.97	16.87	
Trade Mark Fees	1.59	1.49	
Repairs and Maintenance			
Plant and Machinery	10.61	8.50	
Buildings	0.28	0.41	
Others	2.67	1.45	
Job work Expenses	10.60	9.17	
Rent	0.64	0.53	
Insurance	1.49	1.38	
Rates and Taxes	0.57	0.59	
Travelling and Conveyance	3.77	3.15	
Professional and legal expenses	4.96	4.31	
Data Processing and Maintenance expenses	2.23	1.57	
Administrative Expenses	5.82	5.55	
Selling and Distribution Expenses			
Packing and Forwarding	8.47	8.57	
Advertisement and Sales Promotion	0.22	0.20	
Commission and Discount	5.85	6.14	
Provision for Doubtful debts	0.21	0.04	
Quality Claim (Refer Note No.38)	0.75	–	
Directors' Sitting Fees	0.06	0.07	
Audit Fees (Refer Note No.26.1)	0.15	0.15	
Loss on Sale of Assets	0.28	0.27	
Assets Written Off / Provision for Retirement of Assets	0.03	0.11	
Provision for Doubtful Advance	–	0.21	
Exchange Loss (Net) - Other than considered under Finance Costs	0.66	0.70	
Bank Charges	0.19	0.22	
Excise Duty adjustment on Inc / (Dec) of Finished Goods	0.05	0.05	
Donations	0.41	0.25	
	103.28	92.79	

Notes forming part of Financial Statements for the year ended 31st March, 2012

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
₹. Crores		
26.1 Auditors' Remuneration		
a. as auditors - statutory audit	0.10	0.10
b. for taxation matters	0.03	0.03
c. for company law matters	0.00	0.00
d. for management services	—	—
e. for other services	0.02	0.02
	0.15	0.15
26.2 Raw Materials Consumed		
Imported	37.68	49.64
Imported % to total	37.97%	56.10%
Indigenous	61.56	38.84
Indigenous % to total	62.03%	43.90%
Total	99.24	88.48
Total %	100.00%	100.00%
26.3 Stores and Spare Parts Consumed		
Imported	1.71	0.96
Imported % to total	7.86%	4.60%
Indigenous	20.04	19.88
Indigenous % to total	92.14%	95.40%
Total	21.75	20.84
Total %	100.00%	100.00%
27.1 CIF Value of Imports		
Raw materials	24.54	48.39
Components and spare parts	1.71	0.96
Capital goods	6.63	2.77

Rane Engine Valve Limited

Notes forming part of Financial Statements for the year ended 31st March, 2012

Particulars	₹. Crores	
	Year ended 31 March 2012	Year ended 31 March 2011
27.2 Expenditure in foreign currency		
Professional and consultation fees	0.51	0.63
Interest	3.18	1.96
Others	1.39	0.86
27.3 Remittance during the year of Dividends in Foreign Currency		
Final Dividend year ended 31 Mar 2011		
Number of Shareholders	1.00	1.00
Number of Shares held	2,52,000	5,04,000
Amount paid as Final Dividend	0.05	0.08
Interim Dividend year ended 31 Mar 2012		
Number of Shareholders	1.00	1.00
Number of Shares held	2,52,000	5,04,000
Amount paid as Interim Dividend	0.19	0.15
27.4 Earnings in Foreign Currency		
I. Export of goods calculated on F.O.B. basis	95.36	82.94

Notes forming part of Financial Statements for the year ended 31st March, 2012

28 Related Party Disclosures:

Related parties and their relationship

Holding Company	:	Rane Holdings Limited (RHL)
Fellow Subsidiaries	:	Rane (Madras) Limited Rane Brake Lining Limited Rane Diecast Limited Rane Holdings America Inc. (100 % owned by RHL)
Enterprise Significantly influenced by Key Management Personnel	:	Kar Mobiles Limited Rane Foundation
Key Management personnel	:	Mr L Ganesh – Chairman and Managing Director
Relatives of key management personnel	:	1. Mr. L Lakshman 2. Mrs. Meenakshi Ganesh 3. Ms. Aparna Ganesh 4. Mr. Aditya Ganesh 5. Mrs. Hema C Kumar 6. Mrs. Vanaja Aghoram 7. Mrs. Shanthi Narayan

Disclosure in respect of material transactions with related parties for the period 01.04.2011 to 31.03.2012

S.No	Particulars	Holding Company	Fellow Subsidiary	Enterprise influenced by Key Management Personnel	Key Management Personnel	Relatives of Key Management Personnel
1	Remuneration paid				0.66 (0.45)	
2	Trade Mark Fees Paid	1.59 (1.49)				
3	Services Received	4.20 (3.33)	0.19 (-)			
4	Interest paid on Fixed Deposits				0.01 (0.01)	0.17 (0.16)
5	Reimbursement of Expenses	0.26 (0.08)	0.05 (0.02)			
6	Sale of Material			0.25 (0.31)		
7	Purchase of Material		0.04 (-)	0.17 (0.15)		
8	Services Rendered		- (0.12)	0.00 (0.16)		
9	Donation			0.40 (0.25)		
10	Purchase of Assets	0.12 (-)	- (0.01)	- (0.04)		
11	Loans provided			0.25 (0.50)		
12	Amount payable - Trade	0.66 (0.39)		- (0.02)		
13	Amount receivable - Trade		- (0.02)	- (0.03)		
14	Loans outstanding			0.75 (0.50)		
15	Fixed deposits accepted / (repaid)					- (0.31)
16	Fixed deposits outstanding				0.06 (0.06)	1.70 (1.70)

Notes forming part of Financial Statements for the year ended 31st March, 2012

29 Employee Benefits

The company has implemented Revised AS-15 and made the provisions accordingly. The disclosure as per Revised AS-15 produced below: -

The following tables set out the details of amount recognised in the financial statements in respect of employee benefit schemes:

	Particulars	31.03.2012	31.03.2011	31.03.2012	31.03.2011
		Gratuity	Gratuity	Leave Salary	Leave Salary
		₹.Crores	₹.Crores	₹.Crores	₹.Crores
A	Net Asset / (liability) recognised in the Balance Sheet as at March 31, 2012				
	Present value of the Defined Benefit Obligation	10.26	10.65	3.14	3.09
	Fair Value of plan assets	9.69	10.23	–	–
	Net Asset / (Liability) recognised in the Balance Sheet	(0.57)	(0.42)	(3.14)	(3.09)
B	Expenses recognised in the statement of Profit and Loss Account for the year ended March 31, 2012				
	Current service cost	0.86	0.78	1.15	0.29
	Interest cost	0.85	0.84	0.19	0.17
	Expected return on plan assets	(0.92)	(0.87)	–	–
	Net actuarial (gain)/loss recognised during the year	(0.05)	0.10	0.12	1.12
	Expense/(Income) recognised in Profit and Loss Account	0.74	0.85	1.46	1.58
C	Change in Defined Benefit obligation during the year ended March 31, 2012				
	Present value of Defined Benefit obligation as at April 1, 2011	10.65	10.45	3.09	2.87
	Current service cost	0.86	0.79	1.15	0.29
	Interest cost	0.85	0.84	0.19	0.17
	Benefits paid	(2.05)	(1.53)	(1.41)	(1.36)
	Actuarial (gain) / loss on obligation	(0.05)	0.10	0.12	1.12
	Present value of obligation as at March 31, 2012	10.26	10.65	3.14	3.09
D	Changes in Fair value of Asset during the year ended March 31, 2012				
	Fair value of plan assets as at April 1, 2011	10.23	9.69	–	–
	Expected return on plan assets	0.92	0.87	–	–
	Contributions made	0.59	1.20	1.41	1.36
	Benefits paid	(2.05)	(1.53)	(1.41)	(1.36)
	Actuarial gain / (loss) on plan assets	–	–	–	–
	Fair value of plan assets as at March 31, 2012	9.69	10.23	–	–
E	Actual return on plan assets for the year ended March 31, 2012				
	Expected return on plan assets	0.92	0.87	–	–
	Actuarial gain / (loss) on plan assets	–	–	–	–
	Actual Return on plan assets	0.92	0.87	–	–
F	Actuarial Assumptions				
	Discount rate	8.00%	8.00%	8.60%	8.00%
	Expected rate of return on plan assets	9.40%	9.30%	–	–
	Rate of increase in compensation levels	4.50%/7.0%	4.50%/7.0%	4.50%/7.0%	4.50%/7.0%

The company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

Notes forming part of Financial Statements for the year ended 31st March, 2012

30 Derivative Instrument and hedge accounting

As per Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", the Company has provided for the effective portion amounting to ₹ Nil (₹ NIL) of the changes in the fair values of forward contracts and options designated as cash flow hedges directly in 'Hedge Reserve Account' being part of the shareholders' funds the changes in fair value relating to the ineffective portion amounting to ₹ Nil (₹ 0.027 crores) of the cash flow hedges and forward contracts / options are recognised in the profit and loss account.

31 Derivative Instrument and Unhedged Foreign Currency Exposure

S.No	Purpose	Nature	Currency	31.03.12	31.03.11	31.03.12	31.03.11
				FCY Amount in Crores		₹. Crores	
1	Forward Currency Swap Outstanding						
	ECB Loan taken in JPY 35,14,33,247 and swapped against USD	Cross Currency Swap	USD	-	0.06	-	2.75
	ECB Loan taken in USD 59,10,000 and swapped against INR	Cross Currency Swap	INR	0.07	0.22	2.97	8.92
	ECB Loan taken in USD 32,50,000 and swapped against INR	Cross Currency Swap	INR	0.30	0.33	14.26	15.35
	ECB Loan taken in USD 50,00,000 and swapped against INR	Cross Currency Swap	INR	0.50	-	22.06	-
2	Payable in JPY	Currency Swap	INR	-	9.96	-	5.54
	Payable in USD	Currency Swap	INR	0.12	0.03	5.76	1.12
	Receivable in USD	Currency Swap	INR	0.04	0.07	2.17	3.23
	Receivable in EURO	Currency Swap	INR	0.02	0.02	1.23	1.24
3	Receivable in USD	Currency Options	INR	0.12	-	6.08	-
	Receivable in EURO	Currency Options	INR	0.06	-	4.17	-
4	Unhedged Foreign Currency Exposure						
a)	ECB Loan taken in USD		USD	-	0.01	-	0.56
b)	ECB Loan taken in JPY 35,14,33,247 and swapped against USD		USD	-	0.04	-	1.90
c)	PCFC Loan in USD		USD	0.16	0.13	7.89	5.79
d)	PCFC Loan in EURO		EURO	-	0.07	-	4.47
e)	Outstanding Debtors		USD	-	0.14	-	6.11
			EURO	0.03	0.04	1.75	2.42
			GBP	0.01	0.01	0.41	0.74
			AUD	-	0.01	-	0.28
			JPY	0.00	-	0.00	-
f)	Outstanding Creditors - Goods		USD	0.00	0.02	0.27	1.09
			GBP	-	0.00	-	0.04
			AUD	0.01	-	0.01	-
			EURO	0.00	-	0.15	-
g)	Outstanding Creditors - Expenses		EURO	0.00	0.00	0.12	0.05

Notes forming part of Financial Statements for the year ended 31st March, 2012

32 Segment Reporting

The entire operations of the company relate only to one segment, viz, "Components for Transport Industry". As the exports are predominantly to developed countries, geographical risk is not different from domestic market and hence no separate secondary segment disclosure is required.

33 In the opinion of the Board, none of the assets have a value lower on realization in the ordinary course of business than the amount at which they are stated in the Balance Sheet.

34 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March 2012.

35 Revenue expenditure during the year on Research & Development activities shown under the various heads of account amounted to ₹ 0.65 Crores (Previous Year ₹ 0.46 Crores)

36 Exceptional Item represents:

36.1 Profit on sale of company's surplus land near chennai along with appurtenant building amounts to ₹. 16.27 Crores.

36.2 Voluntary Retirement Scheme (VRS) expenditure in the nature of employee benefits paid to employees opted for VRS amounts to ₹. 4.06 Crores.

37 During the year, the company has settled a Quality Claim of an earlier year with a customer and the company has preferred the claim with the Insurance company and received part of the amount and the balance claim is under process.

38 Quality Claims is net of claims received / receivable of ₹. 6.22 Crores (₹. 0.47 Crores)

39 Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows:

	31.03.2012 ₹ Crores	31.03.2011 ₹ Crores
a) Principal amount due	0.45	0.17
Interest due on the above	0.01	-
b) Interest paid during the period beyond the appointed day	-	-
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	0.70	0.05
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	-	-
e) Amount of interest accrued and remaining unpaid at the end of the period	0.01	0.00
f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act.	-	-

The above information regarding micro enterprise and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

40 The Financial Statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the Notification of Revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to conform to this year's classification.

41 Figures in brackets in the Schedules and Notes pertain to previous year.

FINANCIAL HIGHLIGHTS

Summary of Results 2008 to 2012

Fig. in ₹. Crores

Year	Income	EBITDA	Profit before Tax	Profit after Tax	Dividend %	E.P.S. ₹.
2007-08	199.25	18.79	4.10	2.42	45%	4.70
2008-09	221.10	24.25	3.91	2.21	20%	4.29
2009-10	237.23	29.10	7.00	4.30	30%	8.35
2010-11	289.70	39.42	16.12	10.80	50%	20.97
2011-12	309.20	42.92	28.72	20.77	105%	40.32

Balance Sheet Summary

Fig. in ₹. Crores

	Year ended 31st March	2012	2011	2010	2009	2008
A	Equity Share Capital	5.15	5.15	5.15	5.15	5.15
B	Reserves and Surplus	99.46	84.97	76.96	74.60	73.98
C	Networth	104.61	90.12	82.11	79.75	79.13
D	Networth per Equity Share	203.09	174.96	159.41	154.83	153.62
E	Capital Employed	208.81	177.62	167.54	170.23	161.16
F	Return on Capital Employed	13%	13%	8%	7%	7%