

Board of Directors

L GANESH - Chairman
L LAKSHMAN
P S KUMAR
V NARAYANAN
HARISH LAKSHMAN
M LAKSHMINARAYAN
T MUKHERJEE

Audit Committee

V NARAYANAN - Chairman
P S KUMAR
L LAKSHMAN
M LAKSHMINARAYAN

Investors' Service Committee

L LAKSHMAN - Chairman
HARISH LAKSHMAN
P S KUMAR

President

S PARTHASARATHY

General Manager-Finance

P KRISHNAMOORTHY

Secretary

K S KASTURIRANGAN

Auditors

PRICE WATERHOUSE & CO.,
Chartered Accountants
Chennai-600 006

Listing of shares with

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

Bankers

Canara Bank, Chennai-600 002.
HDFC Bank Limited, Chennai-600 002.
IDBI Bank Limited, Chennai-600 015.
Standard Chartered Bank, Chennai - 600 001.

Registered Office

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

Plants

- 1 "GANAPATHY BUILDINGS"
154, Velachery Road, Chennai - 600 042
- 2 79/84, Hootagally Industrial Area
Mysore - 570 018
- 3 77, Thirubuvanai Main Road
Thirubuvanai Village, Puducherry - 605 107
- 4 Ambakkam, Varanavasi Village
Varanavasi Post, Kancheepuram - 631 604
- 5 Plot No.27, Sector 11, Integral Industrial Estate
Pant Nagar, Uttarakand - 263 153

Registrar & Transfer Agents

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

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Rane (Madras) Limited

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Seventh Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.30 a.m. on Tuesday, the July 19, 2011, at Narada Gana Sabha (Main Hall), No. 314, TTK Road, Royapettah, Chennai 600 018, 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, 2011 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, 2011, the Profit and Loss Account for the year ended March 31, 2011 together with the Reports of the Directors and the Auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To declare dividend on equity shares

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

"Resolved that the interim dividend of Rs.4.50 per equity share declared by the board of directors of the Company on January 21, 2011 on 10,164,145 equity shares of Rs.10/- each fully paid, absorbing a sum of **Rs.53.34 million (including dividend distribution tax and cess thereon)**, paid to the shareholders in February 9, 2011 for the year ended March 31, 2011, be and is hereby approved."

"Resolved further that final dividend of Rs.2.50 per equity share of Rs.10 each on 10,164,145 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2011, absorbing an amount of Rs.29.55 million (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appears on the Company's Register of Members as on July 19, 2011 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 15, 2011 as per the details furnished by the Depositories for this purpose."

3. To appoint a director in the place of Mr. L Lakshman, who retires by rotation under Article 113 of the Articles of Association of the Company and being eligible, offers himself for re-election.

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

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

4. To appoint a director in the place of Mr. P S Kumar, who retires by rotation under Article 113 of the Articles of Association of the Company and being eligible, offers himself for re-election.

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

"Resolved that Mr. P S Kumar, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

5. To appoint auditors of the Company and to determine their remuneration. The retiring auditors M/s.Price Waterhouse & 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 M/s. Price Waterhouse & Co., Chartered Accountants (Registration No. 007567S 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."

SPECIAL BUSINESS :

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

“Resolved that pursuant to the provisions of Section 269, Section 386 read with Schedule XIII of the Companies Act, 1956, Mr. Harish Lakshman, be and is hereby re-appointed as ‘Manager’ within the meaning of Section 2(24) of the Companies Act, 1956, for a period of three years, viz., from April 1, 2011 to March 31, 2014, without remuneration, except sitting fees for attending the meetings of the Board / Committee as a director / member, as may be fixed by the Board from time to time.”

“Resolved further that the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

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

“Resolved that pursuant to the provisions of Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the appointment of Mr. Aditya Ganesh, son of Mr. L Ganesh, Chairman, as an employee of the Company, currently in the designation of ‘Graduate Engineer Trainee’ (GET)

under the GET scheme of the Company, with effect from August 19, 2010 on a remuneration of Rs.25,000/- per month which can be varied by the Board of Directors from time to time subject to a maximum of Rs.250,000/- per month including allowances and other perquisites as he may be entitled to in accordance with the Company’s policy from time to time.”

“Resolved further that Mr. Aditya Ganesh also be eligible for all facilities and schemes as given to other employees of the Company under same cadre subject to the aforesaid limits.”

“Resolved further that the consent of the Company be and is hereby accorded for the promotion in due course to Mr. Aditya Ganesh to such higher grade together with the increase in remuneration, allowances and other benefits as per the Company’s policy.”

“Resolved further that the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

(By Order of the Board)
For **Rane (Madras) Limited**

Chennai
May 20, 2011

K S Kasturirangan
Secretary

Rane (Madras) Limited

NOTES:

1. **Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as given in the notice is annexed.
3. The Register of Members of the Company will remain closed from **Saturday, July 16, 2011** to **Tuesday, July 19, 2011** (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2005 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. 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 declared by the company.
5. Ministry of Corporate Affairs (MCA) vide circular no.17/2011 dated April 29, 2011 permitted sending all communications to members by electronic mail (e-mail), as a measure of "Green Initiative in Corporate Governance". In line with the ministry's direction your company intends to send all future communication to members by e-mail including notice of the annual general meeting and annual report, to the e-mail address you have already registered with your respective Depository Participants (DPs). We encourage your participation and expect your support in this initiative. In case you are yet to register your e-mail address, please update the same with your DPs. Members holding shares in physical form may register their e-mail address with the Registrar and 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.
6. As a part of 'Green initiative in corporate governance', MCA has enabled shareholders' participation in general meeting through electronic mode i.e., video conference. The company is in support of the initiative, however taking into consideration the infrastructural arrangements required for enabling such participation, the company is not extending this facility for this annual general meeting.
7. 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) Limited
II Floor, "Kences Towers",
No.1, Ramakrishna Street,
North Usman Road, T.Nagar, Chennai 600 017.

Members holding shares in demat form are requested to update the change of address with their respective Depository Participants (DPs).
8. 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.
9. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

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

Resolution No.6

Mr. Harish Lakshman, Director was appointed as 'Manager' under Section 269 of the Companies Act, 1956 for the period from October 20, 2008 to March 31, 2011. The Board at its meeting held on March 22, 2011 has recommended the re-appointment of Mr. Harish Lakshman as 'Manager' for a further period of three years from April 1, 2011 to March 31, 2014.

Mr. Harish Lakshman is re-appointed without any remuneration except sitting fees for attending the meetings of the Board of Directors / Committees as a director / member.

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

None of the other directors are interested in the resolution.

Your directors commend the resolution for adoption.

Resolution No. 7

As per the recruitment policy in vogue, the Company recruits fresh engineering graduates from reputed institutions as Graduate Engineer Trainee (GET).

Mr. Aditya Ganesh, son of Mr. L Ganesh, Chairman, is a Mechanical Engineering graduate from PSG College of Technology, Coimbatore, passed out during the academic year ended 2010. He has been selected by the Company as a GET. The Board of Directors of the Company approved the appointment of Mr

Aditya Ganesh initially as GET under the GET scheme of the Company applicable to all GETs, with effect from August 19, 2010. Mr. Aditya Ganesh is currently entitled to a monthly remuneration by way of stipend of Rs.25,000/- per month which can be varied by the Board of Directors from time to time subject to a maximum of Rs.250,000/- per month.

During the course of employment, Mr. Aditya Ganesh will be entitled for promotion and increase in remuneration, allowances and other benefits, as per the Company's policy, subject to the limits specified under Section 314 of the Companies Act, 1956 and the rules made thereunder.

In terms of Section 314(1)(b) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, a relative of a director may be appointed in the office or place of profit carrying a monthly remuneration of upto Rs.250,000 per month, with the approval of shareholders vide a special resolution passed at a general meeting held for the first time after such appointment.

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

None of the other directors are interested in the resolution.

Your directors commend the resolution for adoption.

(By Order of the Board)
For **Rane (Madras) Limited**

Chennai
May 20, 2011

K S Kasturirangan
Secretary

Rane (Madras) Limited

Information about director seeking re-appointment in this annual general meeting in respect of item Nos. 3 & 4 above (in accordance with Clause 49 IV of the Listing Agreement)

	Item No. 3	Item No. 4
Name of the director	Mr. L Lakshman	Mr. P S Kumar
Father's Name	Mr. L L Narayan	Late Parvathaneni Brahmayya
Date of birth	July 17, 1946	July 4, 1944
Educational Qualifications	B.E., Executive MBA from London Business School	FCA
Date of appointment	March 31, 2004	May 16, 2005
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 41 years of industrial experience.	Mr. Kumar has over 37 years of experience in his profession.
Other Directorships	<ol style="list-style-type: none"> 1. Rane Holdings Limited 2. Rane Brake Lining Limited 3. Rane Engine Valve Limited 4. Rane TRW Steering Systems Limited 5. Rane NSK Steering Systems Limited 6. Kar Mobiles Limited 7. JMA Rane Marketing Limited 8. Force Motors Limited 9. DCM Engineering Limited 10. Automotive Stampings and Assemblies Limited 11. Tata AutoComp Systems Limited 	<ol style="list-style-type: none"> 1. Elnet Technologies Ltd. 2. Elnet Software City Ltd 3. ETL Infrastructure Services Ltd 4. ETL Power Services Limited 5. Brahmayya Consultants Private Limited <u>Section 25 Company</u> Andhra Chamber of Commerce
Committee Memberships	<p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. Kar Mobiles Limited 2. Rane TRW Steering Systems Limited 3. Rane NSK Steering Systems Limited <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. Rane Engine Valve Limited 3. Automotive Stampings and Assemblies Limited 4. Tata Autocomp Systems Limited <p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. Rane Engine Valve Limited <p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 	<p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. Elnet Technologies Ltd 2. ETL Infrastructure Services Ltd <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited <p>Chairman - Investors' Service</p> <ol style="list-style-type: none"> 1. Elnet Technologies Ltd <p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited <p>Member – Remuneration</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited
Number of shares held	Nil	Nil

(By Order of the Board)
For **Rane (Madras) Limited**

Chennai
May 20, 2011

K S Kasturirangan
Secretary

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their seventh annual report together with the accounts for the year ended March 31, 2011.

1. Financial Performance

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

(Rs. Million)

	2010 - 11	2009 - 10
Sales and Operating Revenues	5,839.87	4,196.55
Other Income	10.79	10.21
Profit before tax	308.37	200.41
Provision for tax :		
Current	74.43	60.70
Deferred	(11.83)	1.59
Profit after tax	245.77	138.12
Surplus brought forward	136.48	75.50
Amount available for appropriation	382.25	213.62

2. Appropriation

Profit available for appropriation is Rs.382.25 million. The Directors have declared and paid interim dividend of 45% on the equity capital of the company for the year ended March 31, 2011 and are pleased to recommend a further 25% as final dividend, making for a total dividend of 70% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs.82.89 million leaving the company with retained profits of Rs.299.36 million. Out of this, Rs. 24.58 million is being transferred to the General Reserve and Rs.274.78 million being retained as surplus in the Profit and Loss Account.

3. Management Discussion and Analysis

a) Industry Structure, Developments and Segment-wise Performance

Your Company operates in single segment, viz., components for transportation industry. The growth within automobile industry was as follows:-

Growth in %

Industry Segments	2010 - 11	2009 - 10
Passenger Cars	27	28
Utility Vehicles	17	24
Small Commercial Vehicles (One Ton & below)	36	8
Light Commercial Vehicles	22	77
Medium and Heavy Commercial Vehicles	38	30
Three Wheelers	29	25
Two Wheelers	27	25
Farm Tractors	22	27

Source: **Society of Indian Automobile Manufacturers.**

Domestic market continued its robust growth across all segments and this required ramping up capacity. The emphasis on capacity increase and improvement of delivery continued throughout the year.

Exports

In the export market, the recovery in volumes from the later part of the year 2009 - 2010, continued in the year 2010 - 2011. The recovery of US Market helped your company to perform well and the increase in volumes complemented the growth in domestic volumes to help achieve higher sales performance.

The United States Dollar, a currency on which your Company's exports are mostly dependent on was relatively stable. The strengthening of the rupee was marginal and such fluctuations were handled through conservative policy of hedging.

OEM & Aftermarket

Your company's performance in the OEM Segment continued to be very high albeit at higher costs in some areas to meet delivery deadlines. The Company's aftermarket volumes, with the introduction of new products and strategic focus on new markets, grew at a healthy rate of 21%.

Rane (Madras) Limited

REPORT OF THE DIRECTORS (cond.)

b) Operational and Financial Performance

The profit before tax for the year under review was Rs.308.37 Million against Rs.200.41 Million in the previous year, a growth of 54 % over last year. The Company extended a voluntary retirement scheme for the employees of one of the plants and the impact of Rs 44.95 Million has been provided for in the above profits. Though the profits of the Company was affected due to higher delivery costs caused by increase in demand before capacity could be increased, the continued focus on costs controls and efficiency of operations at a higher level of volumes helped achieving a healthy profitability.

c) Outlook

The domestic vehicle industry is expected to continue its growth in the coming years in view of steady growth rate of our GDP, rising number of middle class and higher disposable income. With a favourable forecast of the monsoon, Farm Tractors Segment is likely to continue its growth and will be closely monitored by your company for timely ramping up of Capacity.

Prices of commodities like steel, aluminium have already hardened and the cascading effect would impact on all commodity prices. The increase in interest rates could cause an adverse impact on the demand for vehicles.

Focus on capacity utilisation, cost savings, quality and productivity is the key to sustain and improve the higher levels of performance. The Contracts remaining to be executed on Capital account will result in enhancement of our capacity to meet the customer demand.

d) Opportunities & Threats

India's process engineering skills applied to the redesigning of production processes, raw material availability, quality assurance and technically skilled manpower has provided a distinct global advantage of cost and quality. This has helped India becoming a major auto components outsourcing hub for several automobile manufacturers. This has provided your company an opportunity for accelerated growth.

Your company's preparedness in development of new products and meeting capacity requirements in time are key in realising the full benefits of the opportunity.

The main threats your Company likely to face are:-

- increasing price pressure from OEMs from whom the major portion of the future growth is likely to come,
- increase in commodity prices arising out of natural calamities in Japan and Australia and political instability in certain parts of the world,
- volume increase that requires ramp up of capacities in a short span of time, affecting profitable growth,
- dumping of Chinese products at a lower price.

e) Internal Control Systems and Risk Management

An independent agency carries out internal audit of all the Company locations across the country. The Audit Committee of the Board approves the audit plan in the beginning of the financial year in consultation with the internal auditors, the statutory auditors and the operating management. The findings of the internal auditors are placed before the Audit Committee for review. The response of the operating management and counter measures proposed are discussed at the Audit Committee meetings. The process not only seeks to ensure the reliability of control systems and compliance with laws and regulations but also covers resources utilization and system efficacy.

Risk Management is an integral part of the business process. The Company has mapped the risks at the business processes and enterprise levels and has evolved a risk management framework. Internal audit focuses on these risks at all sub-process levels. Mitigative measures have been put in place in respect of these risks. These would be periodically reviewed by the Board of Directors.

f) Human Resource Development and Industrial Relations

Your Company gives significant importance to Human Resource Development (HRD) and stable industrial relations. The management is continuously working on the development of human capital which is very vital for achieving the goals and realizing the Vision of the Company in an ever-changing and challenging business environment.

REPORT OF THE DIRECTORS (cond.)

“Rane Institute for Employee Development” is a group resource that imparts training for enhancing leadership and managerial skills. On an average each employee across all segments and divisions is trained for 2% of their working time.

Total Employee Involvement is a key element of Total Quality Management (TQM) that enables continuous improvement to all business processes.. New strategies like multi skilling, competency enhancement programs and enhancing managerial depth are being progressively implemented to optimise employee costs and improve productivity.

In our journey towards becoming an Employer of Choice, your Company is implementing a number of initiatives. The Company conducts regular Employee Opinion Surveys, the outcome of which is shared with the employees, deliberated and acted upon. Specific HR initiatives are rolled out to enhance employee engagement. During the year a unique Strategic Leadership Program was co-created with and delivered by IIM Bangalore for the leadership team of your company.

Rane Group won the prestigious National Award for “Excellence in Training” from the Employer Branding Institute and figures in the top forty Best Employers for the year 2010 – 2011.

As at the end of March 31, 2011, the total number of employees stood at 977.

g) 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.

4. Deposits

The deposits outstanding as on March 31, 2011 amounted to Rs. 123.30 million. All deposits that matured during the year were repaid / renewed.

5. Board of Directors

Mr. L Lakshman and Mr. P S Kumar retire by rotation and being eligible, offer themselves for reappointment.

6. Conservation of energy

Your company has been taking several initiatives to conserve energy. Some of the key initiatives are auto switching of machines, increased usage of Variable Frequency Drives (VFD), downsizing of the motors where possible, re-designing the machines to lean concept to name a few. As an ongoing process, recommendations arising out of energy audits continue to be implemented. The high levels of Employee involvement in conserving electricity by identifying redundant power usage and by switching off power whenever not in use is continuing to contribute to the effective management of power. Focused efforts are also taken to upgrade the design of the old machines facilitating efficiency of power usage.

7. Research & Development Activities

The details of disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies Act (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in Form B are furnished in Annexure ‘A’.

8. Foreign Exchange earnings and outgo

The strategic initiatives taken to increase export business in terms of Customers, Product and Geographical location by identifying new business has helped the Company to achieve significant increase in exports.

The foreign exchange earned during 2010-11 is Rs.890.05 million and foreign exchange outgo was Rs.199.52 million. Your company continued to remain a substantial net foreign exchange earner.

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 B.

10. Auditors

M/s Price Waterhouse & Co., Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and is eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received from them.

Rane (Madras) Limited

REPORT OF THE DIRECTORS (cond.)

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 judgements 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

The vision on Corporate Social Responsibility (CSR) is, "**To be a socially and environmentally**

responsible corporate citizen". CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and educational trust, in the social and environmental spectrum.

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

- Contributed funds towards establishment of Polytechnic College by Rane foundation.
- Contributed to community development Programs for elderly citizens and orphanages.
- Organized Health & Education camps for School children.
- Organized environmental improvement activities by planting trees at Mysore.

13. Corporate Governance Report

A detailed report on Corporate Governance is attached in Annexure C.

For and on behalf of the Board

L GANESH

Chairman

Chennai

May 20, 2011

L LAKSHMAN

Director

Annexure A 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 Act (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, 2011.

RESEARCH AND DEVELOPMENT (R & D)

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

- Development of manual / mechanical rack & pinion type steering gears for All Terrain Vehicles and Passenger Cars.
- Development of hydraulic products - Hydraulic cylinders & Hydro static steering units
- Suspension control arms for passenger cars

2. Benefits

- Growth through new products and market segments.

3. Future plans

- Technology up-gradation
 - o Improve, comfort & convenience and enhanced product performance
- Product reliability enhancement

4. Expenditure on R & D

	Rs.'000	
	2010-11	2009-10
A Capex	5,704	501
B Recurring	34,299	26,646
C Total	40,003	27,147
D Total R & D expenses as a percentage of total turnover	0.69%	0.65%

TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION AND INTRODUCTION OF NEW FORMULATIONS.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

- Hi strength tubes for commercial vehicle linkages
- Variable section tubes to reduce weight
- Metal to plastic conversion for weight reduction

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

- a. Development of new products
- b. Improvement of performance of existing products.

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

Manufacture, Assembly and testing of ball joints for installation on certain manual steering gears and hydraulic power steering gears

Year of Import : 2009

(b) Design & development of Prototypes of cover control arm

Year of Import : 2010

(c) Has the technology been fully absorbed : Yes

(d) Areas where technology not fully absorbed, reason and future plan of action : Not applicable

For and on behalf of the Board
L GANESH
 Chairman

Chennai
 May 20, 2011

L LAKSHMAN
 Director

Rane (Madras) Limited

ANNEXURE-B 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, 2011.

Sl. No.	Name	Age	Designation / Nature of Duties	Date of Commencement of Employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of Last Employment
1.	S. Parthasarathy	52	President	05.04.2000	6,839,918	B.E., M.B.A.	29	General Manager - Marketing Rane TRW Steering Systems Ltd.

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 S Parthasarathy is contractual in nature.
3. Mr Parthasarathy is not related to any director.
4. No employee of the Company is covered by the provision of Section 217(2A) (a) (iii) of the Companies Act, 1956.

Chennai
May 20, 2011

For and on behalf of the Board
L GANESH
Chairman

L LAKSHMAN
Director

Annexure C 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, 2011, the company has Seven Directors. The composition of the Non-Executive directors (86%) and Independent Directors (57%)

is in conformity with Clause 49 of the Listing Agreement entered into with stock exchanges. None of the directors on the Board, is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2011 have been made by the Directors.

The Board met Five (5) times during the financial year on May 20, 2010, July 19, 2010, October 20, 2010, January 21, 2011 and March 22, 2011. 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 Lakshman	Non-Executive & Promoter	5	Yes	1	10	5	5
Mr. L Ganesh	Non-Executive & Promoter	5	Yes	6	4	2	8
Mr. Harish Lakshman	Executive & Promoter	5	Yes	-	7	2	2
Mr. V Narayanan	Independent and Non-Executive	5	Yes	1	7	3	2
Mr. P S Kumar	-do-	5	Yes	-	4	3	2
Mr M Lakshminarayan	-do-	1	No	1	3	-	2
Dr.T Mukherjee	-do-	4	Yes	-	4	-	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.

CORPORATE GOVERNANCE (cond.)

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. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee is as follows:

Mr. V Narayanan	- Chairman – Independent Director
Mr. P S Kumar	- Member – Independent Director
Mr. L Lakshman	- Member – Non-Executive Director
Mr. M Lakshminarayan	- Member – Independent Director

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

Mr K S Kasturirangan, Secretary of the Company (with effect from July 19, 2010) is the Secretary to the Committee.

The Committee met Four (4) times during the year on May 20, 2010, July 19, 2010, October 19, 2010 and January 21, 2011.

Name of the Director	No of Meetings Attended
Mr. V Narayanan	4
Mr. L Lakshman	4
Mr. P S Kumar	4
Mr. M Lakshminarayan	1

The statutory auditors and the internal auditors were present as invitees in all the meetings. The President and the General Manager-Finance of the Company attended the meetings 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 Institute of Chartered Accountants of India (ICAI) and hold 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.

CORPORATE GOVERNANCE (cond.)

4. Remuneration to directors

Mr. Harish Lakshman, Director, is the “Manager” of the company under the Companies Act, 1956. In terms of his appointment, no remuneration is payable to him except the sitting fee as a director of the Company for attending the meetings of the Board or committee of the Board. There is no severance fee payable to the Manager.

During the year 2010-11, the company has paid sitting fee of Rs.20,000 per meeting to the directors for attending each meeting of the Board and Audit Committee and Rs.2,500 for attending the 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. Since, Mr. L Lakshman, non-executive director, draws commission as part of his remuneration from the holding company, viz. Rane Holdings Limited, he does not receive sitting fees for attending the meetings of the board or other committees of the board. The Company does not have any stock option scheme.

The details of sitting fees paid to the directors, their relationship and holding in the company are as follows:

Name of the director	Amount (Rs.)
Mr. Harish Lakshman	115,000
Mr. V Narayanan	180,000
Mr. P S Kumar	187,500
Dr. T Mukherjee	80,000
Mr. M Lakshminarayan	40,000

Mr. L Ganesh is paid remuneration by way of commission not exceeding one percent (1%) of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 with effect from April 1, 2009 for a period of three years, in accordance with the approval of shareholders vide special resolution passed at the annual general meeting held on July 19, 2010. He does not receive sitting fees for attending the meetings of the board or other committees of the board. Commission of

Rs.3,090,016 payable to him for the year ended March 31, 2011 is given in Note 15 - Notes on Accounts.

Mr. Harish Lakshman holds 750 equity shares in the Company. None of the other directors hold any share in the Company.

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. 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 Investor Service Committee is constituted to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner. The composition of the Committee is as follows:

Mr. L Lakshman - Chairman

Mr. Harish Lakshman

Mr. P S Kumar

Mr. K S Kasturirangan, Secretary of the Company (with effect from July 19, 2010) is the Secretary to the Committee and also acts as compliance officer of the Company.

The Committee met three (3) times during the year on May 20, 2010, July 19, 2010 & October 20, 2010.

Name of the Director	No. of Meetings Attended
Mr. L Lakshman	3
Mr. Harish Lakshman	3
Mr. P S Kumar	3

Rane (Madras) Limited

CORPORATE GOVERNANCE (cond.)

During the year, the Company received Five complaints from the investors and all of them were resolved to the satisfaction of the shareholders. The complaints pertain to non-receipt of dividend and annual report. During the year, one complaint was received from SEBI. No complaint was received from Stock Exchanges / 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 19, 2010 (6th AGM)	Payment of Commission to Mr. L Ganesh, Chairman	10.15 a.m	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.
July 21, 2009 (5th AGM)	No special resolution was passed	10.15 a.m.	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.
July 21, 2008 (4th AGM)	Reappointment of Mr. S Parthasarathy, President as Manager	10.15 a.m.	Narada Gana Sabha (Main Hall) 314, TTK Road, Chennai - 600 018

There was no resolution that was required to be passed by means of postal ballot by the members of the company during the year 2010-11.

8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relative etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 19 in Schedule T- Notes on Accounts, 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 on such matters.

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:-

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

No remuneration committee meeting was required to be held during the year. The Company has not adopted a formal Whistle Blower policy. However, being a transparent organisation, the Company permits access to its employees to approach the top management on any critical issue. 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.

9. Means of communication

The quarterly / annual financial results would be published in "Business Standard" and "Dinamani" (Tamil). The financial results were uploaded in the website of 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 a part of the Annual Report.

CORPORATE GOVERNANCE (cond.)

10. General Shareholder Information

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

Name of the director	Mr. L Lakshman	Mr. P S Kumar
Father's Name	Mr. L L Narayan	Late Parvathaneni Brahmayya
Date of birth	July 17, 1946	July 4, 1944
Educational Qualifications	B.E., Executive MBA from London Business School	FCA
Date of appointment	March 31, 2004	May 16, 2005
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 41 years of industrial experience.	Mr. Kumar has over 37 years of experience in his profession.
Other Directorships	<ol style="list-style-type: none"> 1. Rane Holdings Limited 2. Rane Brake Lining Limited 3. Rane Engine Valve Limited 4. Rane TRW Steering Systems Limited 5. Rane NSK Steering Systems Limited 6. Kar Mobiles Limited 7. JMA Rane Marketing Limited 8. Force Motors Limited 9. DCM Engineering Limited 10. Automotive Stampings and Assemblies Limited 11. Tata AutoComp Systems Limited 	<ol style="list-style-type: none"> 1. Elnet Technologies Ltd. 2. Elnet Software City Ltd 3. ETL Infrastructure Services Ltd 4. ETL Power Services Limited 5. Brahmayya Consultants Private Limited <p><u>Section 25 Company</u> Andhra Chamber of Commerce</p>
Committee Memberships	<p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. Kar Mobiles Limited 2. Rane TRW Steering Systems Limited 3. Rane NSK Steering Systems Limited <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. Rane Engine Valve Limited 3. Automotive Stampings and Assemblies Limited 4. Tata Autocomp Systems Limited <p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. Rane Engine Valve Limited <p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 	<p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. Elnet Technologies Ltd 2. ETL Infrastructure Services Ltd <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited <p>Chairman - Investors' Service</p> <ol style="list-style-type: none"> 1. Elnet Technologies Ltd <p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited <p>Member – Remuneration</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited
Number of shares held	Nil	Nil

Rane (Madras) Limited

CORPORATE GOVERNANCE (cond.)

ii. Annual General Meeting

July 19, 2011 at 10.30 a.m.

Narada Gana Sabha (Main Hall)
314, TTK Road, Chennai - 600 018

iii. Financial Year – 1st April to 31st March

Financial Calendar :

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2011	May 20, 2011
Un-audited results for the 1st quarter ending June 30, 2011	July 19, 2011
Un-audited results for the 2nd quarter ending September 30, 2011	October 21, 2011
Un-audited results for the 3rd quarter ending December 31, 2011	January 27, 2012
Annual Accounts for the year ending March 31, 2012	By last week of May 2012

v. Listing on Stock Exchanges:

Stock Exchange	Stock Code
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.	RML
Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532661

Listing Fee: Annual Listing fees for the financial year 2011-12 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 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

Information in respect of such unclaimed dividend when 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 31.03.2011) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2005	20.07.2005	1.00	117,359.00	24.08.2012	22.09.2012
31.03.2006 *	25.01.2006	1.50	54,018.50	28.02.2013	29.03.2013
31.03.2006	21.07.2006	1.50	43,631.00	24.08.2013	22.09.2013
31.03.2007 *	23.01.2007	2.00	65,192.00	27.02.2014	28.03.2014
31.03.2007 *	20.03.2007	2.00	67,318.00	25.04.2014	24.05.2014
31.03.2008 *	17.03.2008	6.00	187,218.00	21.04.2015	21.05.2015
31.03.2009**	-	-	-	-	-
31.03.2010 *	18.01.2010	2.50	126,320.00	22.02.2017	23.03.2017
31.03.2010	19.07.2010	2.00	103,750.00	23.08.2017	22.09.2017
31.03.2011 *	21.01.2011	4.50	174,379.50	25.02.2018	26.03.2018

Note: * - Interim Dividend

** - No dividend was declared during the year 2008-09

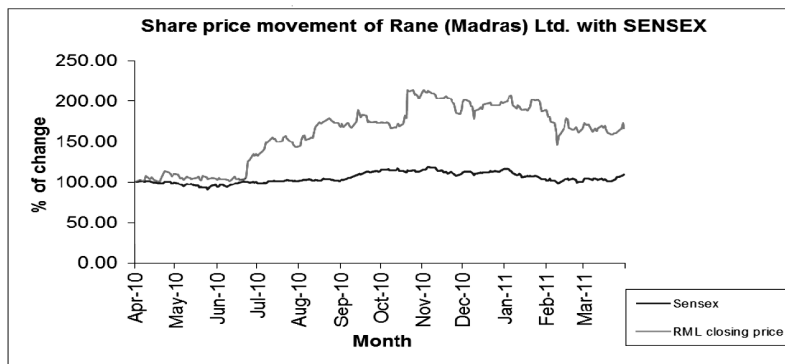
No unpaid / unclaimed dividend is required to be transferred to IEPF during the financial year 2011-12.

vii. Share Price Data

The share price data as quoted on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. during the last financial year viz. April 1, 2010 – March 31, 2011, is given below:

Month	National Stock Exchange of India Ltd (NSE)				Bombay Stock Exchange Ltd (BSE)			
	Share Prices (Rs.)		NSE S&P Nifty		Share Prices (Rs.)		BSE Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2010	97.70	85.75	5,374.65	5,203.65	97.60	85.80	17,970.02	17,380.08
May 2010	93.85	87.45	5,222.75	4,806.75	93.80	87.80	17,386.08	16,022.48
June 2010	115.75	87.15	5,353.30	4,970.20	115.85	87.00	17,876.55	16,572.03
July 2010	134.90	114.15	5,449.10	5,235.90	134.75	113.35	18,130.98	17,441.44
August 2010	153.50	124.05	5,543.50	5,402.40	153.60	124.15	18,454.94	17,971.12
September 2010	161.40	143.00	6,035.65	5,471.85	162.35	143.55	20,117.38	18,205.87
October 2010	186.60	142.05	6,233.90	5,982.10	183.95	142.75	20,687.88	19,872.15
November 2010	183.65	159.15	6,312.45	5,751.95	183.35	158.00	21,004.96	19,136.61
December 2010	174.05	154.50	6,134.50	5,766.50	173.75	152.60	20,509.09	19,242.36
January 2011	177.40	161.15	6,157.60	5,505.90	177.95	161.05	20,561.05	18,327.76
February 2011	161.85	125.45	5,546.45	5,225.80	162.40	125.10	18,506.82	17,463.04
March 2011	147.90	136.20	5,833.75	5,364.75	148.15	136.05	19,445.22	17,839.05

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



viii. Registrar and Transfer Agents

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

M/s 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

ix. Share Transfer System

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

Rane (Madras) Limited

x. Distribution of shareholding as on March 31, 2011

No. of shares held	Folio		Shares	
	Number	%	Number	%
Upto 500	5,603	83.83	725,215	7.14
501-1000	472	7.06	383,525	3.77
1001-2000	269	4.02	405,364	3.99
2001-5000	216	3.23	692,058	6.81
5001-10000	62	0.93	463,261	4.56
10001-20000	35	0.52	496,255	4.88
20001-50000	19	0.28	619,844	6.10
50001-100000	4	0.06	280,037	2.76
100001 & above	4	0.06	6,098,586	60.00
Total	6,684	100.00	10,164,145	100.00

xi. Pattern of shareholding as on March 31, 2011

Sl. No.	Category	No. of Folios	No. of Shares	% to total capital
A	Promoters	18	5,598,710	55.09
B	Mutual Funds & UTI	2	463,289	4.56
C	Banks	4	400	0.00
D	Private Corporate Bodies	233	459,502	4.52
E	Indian Public and others	6,351	3,583,997	35.26
F	Non-Resident Indians	76	58,247	0.57
	Total	6,684	10,164,145	100.00

xii. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) (depositories) for dematerialisation of the shares held by investors. The shares of the Company are compulsorily traded in dematerialised form. As of March 31, 2011 about 97.09% of the shareholdings have been dematerialised.

Demat ISIN Number : **INE 050H01012**

Corporate Identification Number (CIN) : **L65993TN2004PLC052856**

xiii. Plant locations - given in the First Page of the Annual Report

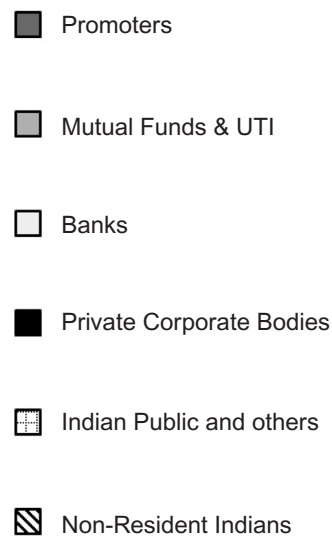
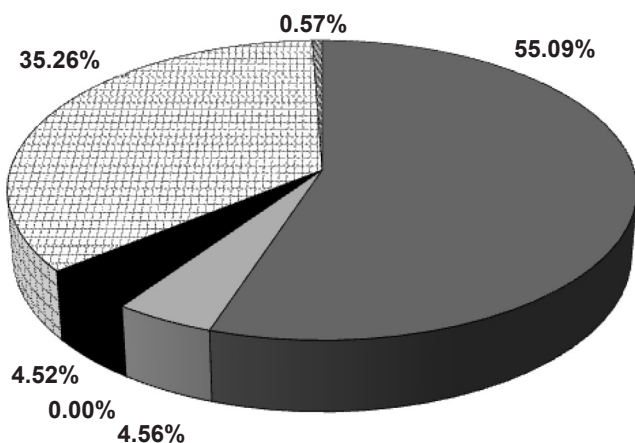
xiv. Address for communication:

Mr. K S Kasturirangan
Compliance Officer
Rane (Madras) Limited
Rane Corporate Centre,
"Maithri" 132, Cathedral Road,
Chennai 600 086.
Phone: (044) 28112472, Fax: (044) 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: (044) 28140801–03, Fax: (044) 28142479
E-mail: corpserv@iepindia.com

Category wise holding (%)



AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **Rane (Madras) Limited**

We have examined the compliance with the conditions of Corporate Governance by **Rane (Madras) Limited**, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the Company with stock exchanges in India with the relevant records and documents maintained by the Company and furnished to us for our examination and the report on Corporate Governance as approved by the Board of Directors.

The compliance with conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in the above mentioned Listing Agreements), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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 **Price Waterhouse & Co**
Firm Registration Number 007567S
Chartered Accountants

(Pinaki Chowdhury)

Partner

Membership Number 057572

Chennai
May 20, 2011

To
The Members
Rane (Madras) 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, 2011.

Chennai
May 20, 2011

Harish Lakshman
Manager / Director

Rane (Madras) Limited

AUDITORS' REPORT TO THE MEMBERS OF RANE (MADRAS) LIMITED

1. We have audited the attached Balance Sheet of **Rane (Madras) Limited** (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) 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;
 - (b) 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;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply, in all material respects, with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse & Co**
Firm Registration Number 007567S
Chartered Accountants

(Pinaki Chowdhury)

Partner

Membership Number 057572

Chennai
May 20, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Rane (Madras) Limited on the financial statements for the year ended March 31, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records aggregating Rs 13,785 thousands (physical inventory lower than books) were material, which have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans secured / unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act other than interest free unsecured loan of Rs. 5,000 thousands to a party during the year. The maximum amount involved during the year and the year-end balance of such loan is Rs.5,000 thousands. In our opinion, the terms and conditions of such loan is not prima facie prejudicial to the interest of the Company and no amount has fallen due till the balance sheet date.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us and having regard to the explanation that certain items purchased / sold are of special nature for which there are no comparable market price / quotation , there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. The Company has not sold any service during the year. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

Rane (Madras) Limited

ANNEXURE TO AUDITORS' REPORT (Contd...)

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, there are no comparable market prices as the related goods / services are considered to be of special nature as explained by the management of the Company.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and 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 on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central

Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities and generally regular in respect of income tax.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2011 which have not been deposited on account of a dispute (there being no such cases with regard to sales-tax, wealth- tax, customs duty, and cess), are as follows:

Name of the statute	Nature of dues	Amount (Rs. Thousands)	Year to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	575	2006-07	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Service Tax	1,682	2005-07	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	3,050	1996-97	Supreme Court
Income Tax Act, 1961	Income tax	40,313	2006-07	Commissioner of Income tax
Income Tax Act, 1961	Income tax	75,172	2007-08	Commissioner of Income tax

ANNEXURE TO AUDITORS' REPORT (Contd...)

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debenture during the year and no amount is outstanding in respect of debenture as on the Balance Sheet date.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Price Waterhouse & Co**
Firm Registration Number 007567S
Chartered Accountants

(Pinaki Chowdhury)
Partner
Membership Number 057572

Chennai
May 20, 2011

Rane (Madras) Limited

BALANCE SHEET AS AT 31 MARCH 2011

	Schedule	As at 31 March 2011 Rs. '000	As at 31 March 2010 Rs. '000
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	101,641	101,641
Reserves and Surplus	B	884,120	722,858
		985,761	824,499
Loan Funds			
Secured Loans	C	639,191	248,906
Unsecured Loans	D	138,610	138,075
		777,801	386,981
Deferred Tax Liability (Net) (Note 8 in Schedule T)		32,773	44,608
Total		1,796,335	1,256,088
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	2,030,426	1,644,502
Less: Depreciation/Amortisation		1,049,309	980,345
Net Block		981,117	664,157
Capital Work-in-progress		242,738	64,891
		1,223,855	729,048
Investments			
	F	--	50
Current Assets, Loans and Advances			
Inventories	G	524,626	450,264
Sundry Debtors	H	812,712	617,447
Cash and Bank Balances	I	58,399	62,444
Other Current Assets	J	1,709	7,788
Loans and Advances	K	157,414	147,911
		1,554,860	1,285,854
Less: Current Liabilities and Provisions			
Liabilities	L	891,445	686,956
Provisions	M	90,935	71,908
		982,380	758,864
Net Current Assets		572,480	526,990
Total		1,796,335	1,256,088

Notes on Accounts

T

Schedules referred to above form an integral part of these accounts

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

For **Price Waterhouse & Co.,**
Firm Registration No.: 007567S
Chartered Accountants

L GANESH
Chairman

(Pinaki Chowdhury)
Partner
Membership Number: 057572

K S KASTURIRANGAN
Secretary

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

Chennai
May 20, 2011

Rane (Madras) Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Schedule	Year ended 31 March 2011 Rs. '000	Year ended 31 March 2010 Rs. '000
INCOME			
Sales and Operating Revenue	N	5,839,870	4,196,559
Other Income	O	10,791	10,208
		5,850,661	4,206,767
EXPENDITURE			
Cost of Goods Sold	P	3,821,097	2,725,283
Employee Costs	Q	593,255	420,930
Other Manufacturing, Administration and Selling Expenses	R	978,819	718,553
Interest	S	55,736	47,892
Depreciation / Amortisation		93,389	93,697
		5,542,296	4,006,355
		308,365	200,412
PROFIT BEFORE TAX		74,435	60,700
Provision for Current Tax		(11,835)	1,588
Provision for Deferred Tax charge/(credit)			
		62,600	62,288
PROFIT AFTER TAX		245,765	138,124
Balance brought forward from previous year		136,482	75,498
PROFIT AVAILABLE FOR APPROPRIATION		382,247	213,622
APPROPRIATIONS :			
Interim Dividend on Equity Shares @ 45% (previous year @ 25%)		45,739	25,410
Proposed Final Dividend on Equity Shares @ 25% (previous year @ 20%)		25,410	20,328
Tax on Dividends		11,738	7,773
Transfer to General Reserve		24,576	23,629
Balance carried to Balance Sheet		274,784	136,482
EARNINGS PER SHARE (in Rupees) - Equity shares of Rs.10 each		24.18	13.59
(Basic and Diluted) (Note 18 on Schedule T)			

Notes on Accounts

T

Schedules referred to above form an integral part of these accounts

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

For **Price Waterhouse & Co.,**
Firm Registration No.: 007567S
Chartered Accountants

L GANESH
Chairman

(Pinaki Chowdhury)
Partner
Membership Number: 057572

K S KASTURIRANGAN
Secretary

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

Chennai
May 20, 2011

Rane (Madras) Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	PARTICULARS	31 March 2011 Rs. '000	31 March 2010 Rs. '000
(A)	Cash flow from Operating Activities		
	Net profit before tax	308,365	200,412
	Adjustments for:		
	Depreciation / Amortisation	93,389	93,697
	Interest income	(4,594)	(6,726)
	Income from other than trade long term Investment	(33)	--
	Interest expense	55,736	47,892
	Provision for doubtful debts	3,176	1,930
	Liabilities no longer required written back	(3,491)	(3,229)
	Unrealised exchange gain (net)	(1,089)	(13,249)
	Profit on Sale of Fixed Assets (net)	(2,511)	(116)
	Operating Profit before working capital changes	448,948	320,611
	Adjustments for		
	Trade and other receivables	(147,935)	(122,338)
	Inventories	(74,362)	55,890
	Trade and other payables	215,440	215,360
	Cash generated from operations	442,091	469,523
	Direct Taxes paid (net)	(100,243)	(66,511)
	Net cash from Operating Activities	341,848	403,012
(B)	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(589,447)	(118,557)
	Income from other than trade long term investment	33	--
	Realised from other than trade long term investment	50	--
	Proceeds from sale of fixed assets	3,802	3,236
	Interest received on deposits/supplier payments	9,057	3,701
	Net cash used in Investing Activities	(576,505)	(111,620)
(C)	Cash flow from Financing Activities		
	Proceeds from long term borrowings from banks	297,477	120,113
	Increase / (Decrease) in Short term loans from banks/cash credit/packing credit (net)	185,972	(319,878)
	Repayment of long term borrowings from banks	(94,100)	(94,174)
	Proceeds from Fixed Deposits	23,680	106,300
	Repayment of Fixed Deposits	(21,505)	(9,485)
	Dividends paid [including Dividend Tax Rs.10,973 thousands (Previous year - Rs.4,318 thousands)]	(77,040)	(29,728)
	Interest paid	(50,552)	(44,628)
	Net cash from/(used in) Financing Activities	263,932	(271,480)
	Increase in cash and cash equivalents (A+B+C)	29,275	19,912
(D)	Cash and cash equivalents - Opening Balance	25,998	6,086
(E)	Cash and cash equivalents - Closing Balance	55,273	25,998

CASH FLOW STATEMENT (Contd.)

Notes :

	31 March 2011 Rs. '000	31 March 2010 Rs.'000
1		
Cash and cash equivalents at the beginning of the year		
Cash on hand	662	613
Balance in current accounts [including unpaid dividend and interest warrant accounts aggregating Rs.1,764 thousands (Previous year - Rs.683 thousands)]	25,336	5,473
	25,998	6,086
Cash and cash equivalents at the end of the year		
Cash on hand as per Balance Sheet	220	662
Balance in current accounts as per Balance Sheet [including unpaid dividend and interest warrant accounts aggregating Rs.1,561 thousands (Previous year - Rs.1,764 thousands)]	55,053	25,336
	55,273	25,998
2		
Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year's presentation.		

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

For **Price Waterhouse & Co.,**
Firm Registration No.: 007567S
Chartered Accountants

L GANESH
Chairman

(Pinaki Chowdhury)
Partner
Membership Number: 057572

K S KASTURIRANGAN
Secretary

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

Chennai
May 20, 2011

Rane (Madras) Limited

Schedules forming part of the Accounts

	As at 31 March 2011 Rs. '000	As at 31 March 2010 Rs. '000
SCHEDULE A		
CAPITAL		
Authorised		
11,000,000 Equity Shares of Rs.10 each	110,000	110,000
4,500,000 - 13.5% Cumulative Redeemable Preference Shares of Rs. 10 each	45,000	45,000
	155,000	155,000
Issued and Subscribed		
10,164,145 Equity Shares of Rs.10 each fully paid-up	101,641	101,641
	101,641	101,641

For other particulars refer Note 2 in Schedule T

SCHEDULE B

RESERVES AND SURPLUS

Rs. ' 000

Description	Balance as at 31 March 2010	Additions	Deductions	Balance as at 31 March 2011
Capital Redemption Reserve	45,000	--	--	45,000
Securities Premium Account	35,691	--	--	35,691
Hedging Reserve Account	2,727	1,111	2,727	1,111
General Reserve	502,958	24,576	--	527,534
	586,376	25,687	2,727	609,336
Profit and Loss Account Balance	136,482			274,784
Total	722,858			884,120

Schedules forming part of the Accounts

SCHEDULE C	As at 31 March 2011 Rs. '000	As at 31 March 2010 Rs. '000
SECURED LOANS		
From Banks		
Term Loans		
Canara Bank	--	53,063
Standard Chartered Bank	183,686	79,259
DBS Bank Limited	152,949	--
(Secured / to be secured on pari passu basis by a first charge/ hypothecation of Company's immovable/ movable properties - Refer Note 3.1 in Schedule T)	336,635	132,322
Cash Credit and Short Term Loan		
Canara Bank	128,252	2,656
IDBI Bank Limited	100,495	105,547
Standard Chartered Bank	--	8,381
(Secured on pari passu basis by a first charge on inventories and book debts and second charge on immovable properties and movable fixed assets of the Company - Refer Note 3.2 in Schedule T)	228,747	116,584
Packing Credit		
Standard Chartered Bank	73,809	--
(Secured on pari passu basis by a first charge on inventories and book debts and second charge on immovable properties and movable fixed assets of the Company - Refer Note 3.2 in Schedule T)		
	639,191	248,906
SCHEDULE D		
UNSECURED LOANS		
Fixed Deposits [includes Rs.2,100 thousands (previous year Rs.1,700 thousands) from Directors]	123,270	121,030
Loan from IDBI Bank Limited	15,340	17,045
	138,610	138,075

For amounts repayable within one year refer Note 4 in Schedule T

Rane (Madras) Limited

Schedules forming part of the Accounts

SCHEDULE E

FIXED ASSETS

Description	Gross Block			Depreciation / Amortisation			Net Block		
	Cost as at 31 March 2010	Additions	Deletions/ Adjustments *	Cost as at 31 March 2011	Upto 31 March 2010	For the year	On Deletions	As at 31 March 2011	As at 31 March 2010
Tangible Assets									
Land - Freehold	26,748	118,839	--	145,587	--	--	--	145,587	26,748
Land - Leasehold	7,088	--	37	7,051	217	79	--	6,755	6,871
Leasehold Land Development Costs	7,709	--	--	7,709	1,542	771	--	5,396	6,167
Buildings	145,134	19,591	152	164,573	35,724	4,570	--	124,279	109,410
Plant and Machinery	1,325,288	263,696	25,277	1,563,707	827,492	77,857	23,647	682,005	497,796
Furniture and Fittings	29,364	2,670	562	31,472	21,042	4,118	429	6,741	8,322
Office Equipment	70,992	5,638	185	76,445	63,862	5,042	137	7,678	7,130
Vehicles	5,328	1,975	272	7,031	3,615	952	212	2,676	1,713
Intangible Assets									
Licence	26,851	--	--	26,851	26,851	--	--	--	--
Previous year	1,644,502	412,409	26,485	2,030,426	980,345	93,389	24,425	981,117	664,157
Capital Work-in-progress [including Capital Advances (unsecured considered good) Rs.143,704 thousands (previous year Rs.22,543 thousands)]	1,593,986	67,269	16,753	1,644,502	889,890	93,697	3,242	242,738	64,891
								1,223,855	729,048

* Includes gain of Rs.769 thousands on foreign currency fluctuations relating to long term foreign currency loan (Previous year gain of Rs.10,391 thousands)

Schedules forming part of the Accounts

	As at 31 March 2011 Rs. ' 000	As at 31 March 2010 Rs. ' 000
SCHEDULE F		
INVESTMENTS		
Long Term - Other than Trade - Unquoted - at Cost		
Investments in Government Securities :		
National Savings Certificates (Realised during the year)	--	50
(Previous year - Deposited with Commercial Tax Authorities, Puducherry)	--	50
SCHEDULE G		
INVENTORIES		
Stores and Spares	59,364	45,590
Loose Tools	59,982	44,832
Raw Materials and Components	147,282	110,676
Work-in-progress	110,208	75,811
Finished Goods	147,790	173,355
	524,626	450,264
SCHEDULE H		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months		
Considered Good	6,120	3,783
Considered Doubtful	9,071	5,895
	15,191	9,678
Other Debts		
Considered Good	806,592	613,664
	821,783	623,342
Less : Provision for Doubtful Debts	9,071	5,895
	812,712	617,447
Due from a company under the same management - Rane TRW Steering Systems Limited	44,727	24,900
SCHEDULE I		
CASH AND BANK BALANCES		
Cash on hand	220	662
Balances with Scheduled Banks on		
Current Accounts	55,053	25,336
Deposits under Capital Gain Scheme	126	35,292
Deposit Accounts	3,000	1,154
	58,399	62,444
(Refer Note 5 in Schedule T)		
SCHEDULE J		
OTHER CURRENT ASSETS		
Unsecured - considered good		
Interest accrued on Deposits	598	5,061
Derivative Assets	1,111	2,727
	1,709	7,788

Rane (Madras) Limited

Schedules forming part of the Accounts

	As at 31 March 2011 Rs. '000	As at 31 March 2010 Rs. '000
SCHEDULE K		
LOANS AND ADVANCES		
Unsecured - considered good		
Advances recoverable in cash or in kind or for value to be received	84,676	90,872
Advance payment of Tax and Tax Deducted at Source	373,854	273,611
Less: Provision for Tax (current)	316,310	241,875
	57,544	31,736
Advance Fringe Benefits Tax	17,584	17,584
Less: Provision for Fringe Benefits Tax	17,526	17,526
	58	58
Deposits	10,457	11,015
Balances with Customs and Excise	4,679	14,230
	157,414	147,911
SCHEDULE L		
LIABILITIES		
Acceptances	156,828	100,287
Sundry Creditors		
Due to Micro and Small Enterprises (Refer Note 6 in Schedule T)	52,966	43,939
Others	611,331	481,823
Other Liabilities	28,514	22,118
Unclaimed Dividends	765	746
Unclaimed matured Fixed Deposits	30	95
Fixed Deposit interest paid but not encashed	796	1,018
Interest accrued but not due on Loans / Fixed Deposits	9,739	4,333
Tooling Advance received from customers	30,476	32,597
	891,445	686,956
Note: There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
SCHEDULE M		
PROVISIONS		
Product Warranty	36,895	27,733
Compensated Absences	24,410	20,392
Proposed Dividend on Equity Shares	25,410	20,328
Tax on Dividend	4,220	3,455
	90,935	71,908

Rane (Madras) Limited

Schedules forming part of the Accounts

	Year ended 31 March 2011 Rs. '000	Year ended 31 March 2010 Rs. '000
SCHEDULE N		
SALES AND OPERATING REVENUE		
Sales	6,212,936	4,412,949
Less : Excise Duty	469,090	284,807
Net Sales	5,743,846	4,128,142
Sale of raw material	29,747	24,876
Less : Excise Duty	2,773	2,294
Net sale of raw material	26,974	22,582
Sale of Scrap	75,545	49,433
Less : Excise Duty	6,495	3,598
Net Scrap Sales	69,050	45,835
	<u>5,839,870</u>	<u>4,196,559</u>
SCHEDULE O		
OTHER INCOME		
Interest (Gross) * : Deposits	1,131	4,521
Supplier payments	3,463	2,205
	4,594	6,726
Income from other than trade long term-investments	33	--
Profit on Sale of Fixed Assets (Net)	2,511	116
Liabilities no longer required written back	3,491	3,229
Amenities income	162	137
	<u>10,791</u>	<u>10,208</u>
* Tax deducted at source	141	411
SCHEDULE P		
COST OF GOODS SOLD		
Raw materials and Components consumed *	3,544,798	2,478,826
Freight inward	79,570	73,091
Job work expenses	201,116	153,345
Excise Duty on Closing Stock of Finished Goods	15,753	11,308
Less: Excise Duty on Opening Stock of Finished Goods	11,308	9,466
	4,445	1,842
Movement in value of finished goods and work-in-progress:		
Opening Stock :		
Work-in-progress	75,811	67,072
Finished Goods	173,355	200,273
	<u>249,166</u>	<u>267,345</u>
Less : Closing Stock :		
Work-in-progress	110,208	75,811
Finished Goods	147,790	173,355
	<u>257,998</u>	<u>249,166</u>
	(8,832)	18,179
	<u>3,821,097</u>	<u>2,725,283</u>
* includes cost of raw materials and components sold	<u>31,107</u>	<u>24,697</u>

Rane (Madras) Limited

	Year ended 31 March 2011 Rs. '000	Year ended 31 March 2010 Rs. '000
SCHEDULE Q		
EMPLOYEE COSTS		
Salaries, Wages and Bonus *	485,613	341,263
Contribution to Provident and Other Funds	38,168	29,392
Staff Welfare Expenses	69,474	50,275
	<u>593,255</u>	<u>420,930</u>
* includes termination benefits under Voluntary Retirement Scheme during the year	44,947	--
SCHEDULE R		
OTHER MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES		
Stores, Spares and Tools consumed	226,584	172,340
Power and Fuel	102,947	75,821
Repairs and Maintenance :		
Buildings	17,118	17,475
Plant and Machinery	38,207	32,839
Others	31,734	24,945
	<u>87,059</u>	<u>75,259</u>
Rent	282	104
Insurance	13,088	11,236
Rates and Taxes	7,211	5,822
Travelling and Conveyance	35,869	23,515
Professional Charges	36,430	23,709
Royalty and Technical Fees	8,772	541
Information Systems	25,354	16,810
Freight Outward	136,707	72,717
Packing and Forwarding	112,921	81,316
Advertisement and Sales Promotion	26,684	15,801
Discount and Incentive	50,961	41,541
Sales Commission	5,970	8,750
Product Warranty	19,395	20,234
Trade Mark	30,327	21,551
Provision for Doubtful debts	3,176	1,930
Directors' Sitting Fees	603	835
Auditors' Remuneration	2,245	1,528
Net Exchange Loss	808	13,611
Miscellaneous Expenses	45,426	33,582
	<u>978,819</u>	<u>718,553</u>
SCHEDULE S		
INTEREST		
Interest :		
Term Loans (on fixed loans)	26,018	20,474
Fixed Deposits *	13,003	10,061
Cash Credit and Others	16,715	17,357
	<u>55,736</u>	<u>47,892</u>
* include interest paid to Directors	231	152

Schedules forming part of the Accounts**SCHEDULE T****NOTES ON ACCOUNTS****1 Significant Accounting Policies****1.1 Basis of preparation of Financial Statements**

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India and comply in all material respects with the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (the 'Act'), Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' as set out in Note 1.12 below and with the relevant provisions of the Act.

1.2 Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

1.3 Fixed Assets

Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation/amortization, impairment loss, if any, and inclusive of borrowing cost, where applicable, and adjustments for exchange difference referred to in Note 1.8 below. Cost includes inward freight, non-refundable duties/taxes and incidental expenses directly related to acquisition/installation. Licence fee towards Softwares/Technical assistance are capitalized when it is expected to provide future enduring economic benefits. Capital work-in-progress includes cost of assets not ready for their intended use and includes advances paid towards acquiring/constructing fixed assets.

1.4 Depreciation

Depreciation on fixed assets is calculated on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 except for the following assets which are depreciated over their following estimated useful lives.

Assets	Useful life (years)
Vehicles	5
Furniture and Fittings	5
Office Equipments (other than computers)	3
Computers	4

Cost of Leasehold land is amortised over the period of lease.

Leasehold land Development Costs are amortized over a period of ten years.

Assets individually costing Rs. 10,000 or less are fully depreciated in the year of addition.

Licence fee paid for technical assistance is amortized on a straight line basis over the period of licence.

Software licence fee is amortized on a straight line basis over a period of three years.

1.5 Impairment

The carrying amounts of fixed assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

amount of fixed assets of the Company (being a single cash generating unit) exceeds the recoverable amount (ie. higher of net selling price and value in use). In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over their remaining useful lives.

1.6 Borrowing Costs

The borrowing costs that are attributable to the acquisition/construction/production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of that asset. All other borrowing costs are charged to revenue.

1.7 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined on moving weighted average basis and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable. Inventories are written down for obsolete/slow moving/non-moving items wherever necessary. Cost of loose tools is amortized over a period of three years.

1.8 Foreign Currency Transactions as applicable under Accounting Standard 11 on 'The effects of changes in Foreign Exchange Rates'

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.

At the year end all monetary assets and liabilities denominated in foreign currency are restated at year end exchange rates. The resultant exchange differences arising from settlement of foreign currency transaction and from year end restatement are recognized in Profit and Loss Account except those arising on reporting of long term foreign currency loan relating to acquisition of depreciable fixed assets with effect from April 1, 2007 which is adjusted to the carrying amount of such assets and depreciated over the remaining useful life of such fixed assets.

Profit or loss on cancellation of forward contracts are recognized as income/expense in the Profit and Loss Account of the year in which they are cancelled. Difference between the forward exchange rate and the exchange rate at the date of transaction is accounted for as income/expense over the life of the contract.

1.9 Research and Development

Revenue expenditure on Research and Development is charged off in the year in which it is incurred. Capital expenditure on Research and Development is included under Fixed Assets.

1.10 Employee Benefits

a. Short term

Short term Employee Benefits (ie. benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

b. Post-employment

Post-employment benefits comprise of Provident Fund, Superannuation Fund and Gratuity which are accounted for as follows:

i) Provident Fund

This is a defined contribution plan and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to Profit and Loss Account in the period in which

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

ii) Superannuation Fund

This is a defined contribution plan. The Company contributes, based on the options exercised by the eligible employees, a sum equivalent to 5%/10%/15% of eligible employees' applicable salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

iii) Gratuity

This is a defined benefit plan. The Company's scheme is administered by LIC. The liability is determined based on year-end actuarial valuation using projected unit credit method. Actuarial gains / losses are recognised immediately in the Profit and Loss Account as income/ expense.

c. Other Long term

Other long term employee benefits represent compensated absence (defined benefit plan) which is provided for based on year end actuarial valuation using projected unit credit method. Actuarial gains/losses are recognised immediately in the Profit and Loss Account as income/expense.

d. Termination benefits

Termination benefits represent compensation towards Voluntary Retirement Scheme which is expensed as incurred. Termination benefits falling due for more than twelve months after the balance sheet date are accounted using appropriate discount rates.

1.11 Revenue Recognition

Revenue from sales is recognised on transfer of ownership to customers based on the contract with the customers for delivery. Sales include excise duty but are net of sales returns and trade discounts and exclude sales tax / value added tax.

1.12 Derivatives [other than forward exchange contracts covered under AS 11 (refer Note 1.8 above)]

The Company uses derivative financial instruments such as foreign exchange forward contract, option contract, currency and interest rate swaps to hedge its exposure in movements in foreign exchange rates and interest rates relating to underlying transaction. These forward, option, currency and interest rate swap contracts are not used for trading/speculation purposes.

The Company adopted in an earlier year Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing mandatory applicable Accounting Standards and other relevant regulatory requirements.

For forward and option contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in reserves (under the "Hedging Reserve Account") and are reclassified into the Profit and Loss Account upon the occurrence of the hedged transactions. However, the ineffective portion of the cash flow hedges, are recognized in the Profit and Loss Account as it arises.

The Company recognizes gains or losses from changes in fair values of forward, option, currency and interest rate swap contracts that are not designated in a hedge relationship through Profit and Loss Account in the period in which they arise.

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

1.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Product warranty provisions cover the estimated liability to repair or replace products still under warranty on the Balance Sheet date and is determined by applying historical experience levels of repairs and replacements developed by using the percentage (of aggregate warranty claims on aggregate eligible sales of past three years) applied on aggregate of current year and previous year's eligible sales. Product warranty liability is generally extended for a period of one to two years from the date of sale.

1.14 Taxation

Current tax is provided as the amount of tax payable in respect of taxable income for the year, measured using the applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual/reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

2 Share Capital

- 2.1 5,438,125 (previous year – 5,438,125) equity shares of Rs.10 each are held by Rane Holdings Limited, the holding company.
- 2.2 8,131,316 (previous year – 8,131,316) equity shares of Rs.10 each were allotted for consideration other than cash.

3 Secured Loans

- 3.1 Term loans from Banks are secured (Canara Bank and Standard Chartered Bank)/ to be secured (DBS Bank Limited) on a pari passu basis by a first charge created on the Company's immovable properties both present and future and are also secured by hypothecation of the Company's movable properties both present and future, subject to prior charge on the book debts and inventories in favour of the bankers for working capital facilities.
- 3.2 Cash credit, packing credit facilities and short term loans are secured on a pari passu basis by a first charge by way of hypothecation of inventories and book debts and are also secured by a second charge on all immovable properties and movable fixed assets of the Company both present and future.

4 Unsecured Loan

- 4.1 Fixed Deposits maturing within a period of one year amount to Rs.28,470 thousands (previous year - Rs. 18,390 thousands).
- 4.2 Loan from IDBI Bank repayable within one year is Rs.3,409 thousands (previous year – Rs. 2,557 thousands)

5 Cash and Bank Balances

Current Accounts include Interest Warrant Account Rs.796 thousands (previous year - Rs. 1,018 thousands) and Unpaid Dividend Account Rs.765 thousands (previous year - Rs. 746 thousands)

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

6 The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') -

	As at 31 March 2011 (Rs. '000)	As at 31 March 2010 (Rs.'000)
The principal amount and interest due there on remaining unpaid to suppliers under MSMED		
Principal	49,727	42,688
Interest	150	66
The amount of interest paid in terms of section 16 of MSMED along with the amount of payment made to suppliers beyond the appointed day during the year.		
Principal	--	--
Interest	--	--
The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED		
Principal	252,557	125,532
Interest	1,904	1,185
The amount of interest accrued and remaining unpaid at the end of the year [including Rs.1,251 (Previous Year Rs. 970) being interest outstanding as at the beginning of the accounting year]	3,239	1,251
The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED	1,988	281

The above information and that given in Schedule L – “Liabilities” regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

7 Provision for Product Warranty

Balance at the beginning of the year	27,733	16,789
Provision made during the year	19,395	20,234
Provision used against claims settled during the year	10,233	9,290
Balance at the end of the year	36,895	27,733

8 Deferred Tax Liability

The net deferred tax liability is on account of :

Liability :		
Difference between book and tax written down value of Depreciable Assets		
(a) In respect of which the difference between book and tax written down value will reverse at the expiry of the tax holiday period.	9,666	2,380
(b) Others	74,889	77,372
	84,555	79,752

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

	As at 31 March 2011 (Rs. '000)	As at 31 March 2010 (Rs. '000)
Assets :		
Provision for expenses allowable on payment basis	(24,610)	(16,358)
Voluntary Retirement Scheme	(27,172)	(18,786)
	(51,782)	(35,144)
Net Deferred Tax Liability	32,773	44,608

9 Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advance Rs.143,704 (Previous year – Rs. 22,543)]	139,402	49,997
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10 Contingent Liabilities

I. Claims against the Company not acknowledged as debts:		
Income Tax matters under appeal by the Company	131,952	56,781
Central Excise and Service Tax matters under appeal by the company	2,206	2,206
Labour related matters under appeal by the Company	12,263	11,799
Corporate Licence fee under appeal by the Company	1,055	1,055
Suit filed by freight vendor	100	--
Total	147,576	71,841
II. Others :		
Income Tax matters under appeal by the Department	3,050	3,050

11 Auditors' Remuneration

	Year ended 31 March 2011 (Rs. '000)	Year ended 31 March 2010 (Rs. '000)
As Auditors		
Statutory Audit fee	1,500	1,300
Limited Review fee	450	--
Tax Audit fee	250	200
Out of Pocket expenses	45	28

12 Other Financial Information

Outstanding Bank Guarantees	2,025	400
Outstanding Letters of Credit	35,973	22,011

13 Research and Development Cost

Capital expenditure	5,705	501
Revenue expenditure	34,298	26,646

14 Employee Benefits

a) Amount recognized as expense (included in 'Contribution to Provident and Other Funds' under Schedule Q) during the year for defined contribution plans

Contribution to Provident Fund	22,776	18,228
Contribution to Superannuation Fund	5,241	4,851

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

b) In keeping with the Company's Gratuity Scheme (defined benefit plan) eligible employees are entitled to gratuity benefit (at one half month's eligible salary for each completed year of service) on retirement/death/in-capacitation/termination etc., Also refer Note No.1.10(b)(iii) for accounting policy relating to gratuity. Following are the further particulars relating to gratuity.

(Rs. '000)

		2010-11	2009-10	2008-09	2007-08
I	Reconciliation of opening and closing balances of the present value of the Defined benefit obligation				
	Present value of obligation as at the beginning of the year	86,954	79,535	68,144	58,737
	Interest cost	7,017	5,627	4,989	4,560
	Current service cost	5,533	5,567	4,429	4,263
	(Benefits paid)	(4,819)	(4,917)	(11,552)	(3,474)
	Actuarial loss / (gain)	4,564	1,142	13,525	4,058
	Present value of obligation as at the end of the year	99,249	86,954	79,535	68,144
II	Reconciliation of opening and closing balances of the Fair value of the plan assets				
	Fair value of plan assets at the beginning of the year	75,798	66,905	64,970	49,546
	Expected return on plan assets	7,139	6,355	5,054	4,376
	Contributions	6,760	7,787	7,964	13,791
	(Benefits paid)	(4,819)	(4,917)	(11,552)	(3,474)
	Actuarial gain / (loss)	(176)	(332)	469	731
	Fair value of plan assets at the end of the year	84,702	75,798	66,905	64,970
III	Reconciliation of present value of Defined Benefit Obligation in 'I' above and fair value of plan assets in 'II' above				
	Present value of the obligation at the end of the year	99,249	86,954	79,535	68,144
	Fair value of plan assets at the end of the year	84,702	75,798	66,905	64,970
	Liability recognised in the balance sheet	14,547	11,156	12,630	3,174
IV	Expense Charged to Profit & Loss Account				
	Current service cost	5,533	5,567	4,429	4,263
	Interest cost	7,017	5,627	4,989	4,560
	(Expected return on plan assets)	(7,139)	(6,356)	(5,054)	(4,376)
	Actuarial (gain)/loss	4,740	1,475	13,056	3,327
	Expense recognised in the statement of profit and loss*	10,151	6,313	17,420	7,774

* Included in 'Contribution to Provident Fund and Other Funds' under Employee Costs (Schedule Q) of respective years.

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

		2010-11	2009-10	2008-09	2007-08
V	Percentage of each category of Plan assets to total Fair Value of Plan Assets	Fund with Life Insurance Corporation of India			
VI	Actual return on Plan Assets	6,963	6,023	5,523	5,107
VII	Principal Actuarial Assumptions at Balance Sheet date				
	Discount rate	8.10%	8.30%	7.30%	8.00%
	Expected rate of salary increase	7.14%	6.60%	7.50%	6% - 11%
	Expected rate of return on plan assets	9.40%	9.30%	9.30%	8.00%
	Attrition rate	8.69%	3.00%	11.54%	3% - 15%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected rate of return on plan assets is based on the composition of plan assets held (through LIC), historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

This being the fourth year of implementation of Accounting Standard 15 on 'Employee Benefits', figures of immediately preceding three years only have been given.

15 Managerial Remuneration

	Year ended 31 March 2011 (Rs. '000)	Year ended 31 March 2010 (Rs. '000)
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(a) Commission to Chairman

3,090

2,019

(b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and commission payable to Chairman.

	Year ended 31 March 2011 (Rs. '000)	Year ended 31 March 2010 (Rs. '000)
Net Profit before taxation as per Profit and Loss Account	308,365	200,412
Add:		
Depreciation as per Profit and Loss Account	93,389	93,697
Interest on Income Tax	24	769
Provision for Wealth Tax	10	6
Sitting fees	603	835
Commission to Chairman	3,090	2,019
	405,481	297,738

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

	Year ended 31 March 2011 (Rs. '000)	Year ended 31 March 2010 (Rs. '000)
Less:		
Depreciation as per Section 350 of The Companies Act, 1956 *	93,389	93,697
Capital Profit on sale of fixed assets	--	116
Net Profit in accordance with Sec.349 of the Companies Act, 1956	312,092	203,925
Commission payable to Chairman restricted to lower of Rs.3,090 thousands (Previous year Rs.2,019 thousands) and 1% of Net Profit as per Section 309/ 349 of the Companies Act, 1956.	3,090	2,019

* Company follows depreciation rates higher than the rates prescribed under Section 350 and accordingly the same has been considered for the purpose of managerial remuneration.

16 Segment Reporting

The entire operations of the Company relate only to one segment viz. 'Components for Transportation Industry'. Company's operation in different territories does not have significantly differing risks and returns.

17 Related Party Disclosures

(a) List of related parties where control exists

Holding Company	Rane Holdings Limited (RHL)
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(b) Key Management Personnel	Harish Lakshman-Manager under the Companies Act, 1956 L Ganesh, Chairman
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(c) Relatives of KMP	Malavika Lakshman L Lakshman (including L Lakshman HUF) Pushpa Lakshman Vanaja Aghoram Shanthi Narayan Aditya Ganesh
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(d) Enterprises over which KMP can exercise significant influence	Rane TRW Steering Systems Limited (RTSSL) Rane Foundation Kar Mobiles Limited (KML)
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(e) Other Related parties where transactions has taken place (Fellow Subsidiaries)	Rane Engine Valve Limited (REVL) Rane Diecast Limited (RDL) Rane Brake Lining Limited (RBL)
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(f) The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company.

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

(g) Related party transactions

(Rs. '000)

Description	Holding Company		Key Management Personal (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Other Related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Transaction during the year												
Professional Charges	19,321	12,614	-	-	-	-	1,187	-	876	3,193	21,384	15,807
Professional charges-RTSSL	-	-	-	-	-	-	1,187	-	-	-	1,187	-
Professional charges-RBL	-	-	-	-	-	-	-	-	-	2,282	-	2,282
Professional charges - REVL	-	-	-	-	-	-	-	-	876	911	876	911
Software Expenses	22,910	15,370	-	-	-	-	-	-	-	-	22,910	15,370
Training Expenses	4,625	3,616	-	-	-	-	-	-	-	-	4,625	3,616
Salaries-Mr Aditya Ganesh	-	-	-	-	142	-	-	-	-	-	142	-
Miscellaneous Expenses	7,480	6,350	-	-	-	-	-	-	-	-	7,480	6,350
Trademark Fee	33,033	23,771	-	-	-	-	-	-	-	-	33,033	23,771
Purchases-RTSSL	-	-	-	-	-	-	573	-	-	-	573	-
Sales-RTSSL	-	-	-	-	-	-	351,240	189,408	-	-	351,240	189,408
Royalty and Technical Fees-RTSSL	-	-	-	-	-	-	-	15,000	-	-	-	15,000
Donation-Rane Foundation	-	-	-	-	-	-	3,000	1,500	-	-	3,000	1,500
Interest free Loan-Rane Foundation	-	-	-	-	-	-	5,000	-	-	-	5,000	-
Commission to Chairman	-	-	3,090	2,019	-	-	-	-	-	-	3,090	2,019
Sitting fees-Mr Harish Lakshman	-	-	115	225	-	-	-	-	-	-	115	225
Interest paid on Fixed Deposits	-	-	94	48	397	167	-	-	-	-	491	215
Fixed Deposits accepted / (repaid)	-	-	-	700	2,900	(50)	-	-	-	-	2,900	650
Balance as at year end												
Fixed Deposits outstanding	-	-	700	700	4,550	1,650	-	-	-	-	5,250	2,350
Payables	8,096	7,516	3,090	2,019	-	-	1,187	991	232	494	12,605	11,020
Receivables	-	-	-	-	-	-	44,745	24,918	-	-	44,745	24,918
Interest free Loan-Rane Foundation	-	-	-	-	-	-	5,000	-	-	-	5,000	-

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

Details of Related Party transactions:

Description	Holding Company		Key Management Personal (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Other Related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Interest paid on Fixed Deposits												
Mr L Ganesh	-	-	69	32	-	-	-	-	-	-	69	32
Mr Harish Lakshman	-	-	25	16	-	-	-	-	-	-	25	16
Mr L Lakshman	-	-	-	-	117	85	-	-	-	-	117	85
Mrs Pushpa Lakshman	-	-	-	-	77	-	-	-	-	-	77	-
Mrs Vanaja Aghoram	-	-	-	-	50	47	-	-	-	-	50	47
Mrs Shanthi Narayan	-	-	-	-	133	-	-	-	-	-	133	-
Mr L Lakshman HUF	-	-	-	-	20	19	-	-	-	-	20	19
Others	-	-	-	-	-	16	-	-	-	-	-	16
Fixed Deposits accepted / (repaid)												
Mr L Ganesh	-	-	-	500	-	-	-	-	-	-	-	500
Mr Harish Lakshman	-	-	-	200	-	-	-	-	-	-	-	200
Mr L Lakshman	-	-	-	-	400	-	-	-	-	-	400	-
Mrs Pushpa Lakshman	-	-	-	-	1,000	-	-	-	-	-	1,000	-
Mrs Shanthi Narayan	-	-	-	-	1,500	-	-	-	-	-	1,500	-
Malavika Lakshman	-	-	-	-	-	(50)	-	-	-	-	-	(50)
Fixed Deposits outstanding												
Mr L Ganesh	-	-	500	500	-	-	-	-	-	-	500	500
Mr Harish Lakshman	-	-	200	200	-	-	-	-	-	-	200	200
Mr L Lakshman	-	-	-	-	1,200	800	-	-	-	-	1,200	800
Mrs Pushpa Lakshman	-	-	-	-	1,150	150	-	-	-	-	1,150	150
Mrs Vanaja Aghoram	-	-	-	-	500	500	-	-	-	-	500	500
Mrs Shanthi Narayan	-	-	-	-	1,500	-	-	-	-	-	1,500	-
Mr L Lakshman - HUF	-	-	-	-	200	200	-	-	-	-	200	200
Payables												
Mr L Ganesh	-	-	3,090	2,019	-	-	-	-	-	-	3,090	2,019
RTSSL	-	-	-	-	-	-	1,187	991	-	-	1,187	991
REVL	-	-	-	-	-	-	-	-	197	291	197	291
RDL	-	-	-	-	-	-	-	-	35	35	35	35
RBL	-	-	-	-	-	-	-	-	-	168	-	168
Receivables												
RTSSL	-	-	-	-	-	-	44,727	24,900	-	-	44,727	24,900
KML	-	-	-	-	-	-	18	18	-	-	18	18

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

18. Earnings Per Share

	Year ended 31 March 2011 (Rs. '000)	Year ended 31 March 2010 (Rs. '000)
Profit after tax (A)	245,765	138,124
Number of equity shares of Rs.10 each at the beginning of the year	10,164,145	10,164,145
Number of equity shares of Rs.10 each at the end of the year	10,164,145	10,164,145
Weighted average number of equity shares of Rs.10 each outstanding during the year (B)	10,164,145	10,164,145
Earnings per share (Basic and Diluted) – in Rupees (A / B)	24.18	13.59

19. Quantitative and Other Information

A	Description of goods produced	UOM	Year ended 31 March 2011		Year ended 31 March 2010	
			Steering & Suspension Linkage Products	Steering Gear Products	Steering & Suspension Linkage Products	Steering Gear Products
	Licensed capacity		Not Applicable		Not Applicable	
	Installed capacity per annum		*	*	*	*
	Opening stock	Nos.	956,168	38,294	1,013,584	29,260
		Rs.'000	145,786	27,569	177,370	22,903
	Production	Nos.	10,616,089	1,932,111	8,499,686	1,329,039
	Sales	Nos.	10,958,716	1,897,148	8,557,102	1,320,005
		Rs.'000	3,491,109	2,721,827	2,490,317	1,922,632
	Closing stock	Nos.	613,541	73,257	956,168	38,294
		Rs.'000	98,647	49,143	145,786	27,569
		UOM	Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)
B	a. Raw materials and components consumed					
	Steel Forgings	Nos.	29,744,721	1,199,470	22,210,700	888,745
	Castings	Nos.	2,332,421	296,204	1,442,865	226,607
	Steel Tubes	Nos.	2,503,331	206,137	2,326,322	226,230
		Kgs.	4,447,835	278,534	1,857,902	97,929
	Others **			1,533,346		1,014,618
				3,513,691		2,454,129

** (individually less than 10% of the total consumption)

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

		Year ended 31 March 2011		Year ended 31 March 2010	
		Value (Rs.'000)	%	Value (Rs.'000)	%
	b. Imported	139,954	3.98	96,810	3.94
	Indigenous	3,373,737	96.02	2,357,319	96.06
		3,513,691	100.00	2,454,129	100.00
C	Stores, Spares and Tools consumed@				
	Imported	5,693	2.42	1,629	0.91
	Indigenous	229,660	97.58	178,211	99.09
		235,353	100.00	179,840	100.00
D	Value of Imports calculated on CIF basis				
	Raw materials	92,968		48,278	
	Components	84,273		42,917	
	Stores & Spares	10,583		2,386	
	Capital goods	15,248		12,513	
E	Expenditure in foreign currency (on payment basis)				
	Travelling expenses	4,223		1,253	
	Commission	3,948		7,772	
	Warehousing and Sorting	5,974		5,299	
	Technical support fee	--		11,968	
	Others	3,372		1,990	
F	Earnings in foreign exchange				
	FOB Value of Exports	890,045		603,126	

* On a review of the technical aspects of the capacity, it is considered by the management that the Installed capacity is not determinable.

@ Includes Rs. 8,769 thousands (Previous year – Rs.7,500 thousands) stores and spares consumption under Repairs and Maintenance in Schedule R.

20. Previous year's figures have been regrouped/re-arranged wherever necessary to conform to current year's presentation.

Signature to Schedules A to T

For **Price Waterhouse & Co.**,
Chartered Accountants
Firm Registration No.: 007567S

(Pinaki Chowdhury)
Partner
Membership Number: 057572

Chennai
May 20, 2011

K S KASTURIRANGAN
Secretary

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

For and on behalf of the Board

L GANESH
Chairman

Rane (Madras) Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

As per Schedule VI - Part IV to the Companies Act, 1956

[Notification No. G.S.R. 388 (E)]

I Registration Details

Registration No.	52856	State Code	18
Balance Sheet Date	31 March 2011		

II Capital Raised during the year (Rs. '000)

Public Issue	--	Rights Issue	--
Bonus Issue	--	Private Placement	--

III Position of Mobilisation and Deployment of Funds (Rs. '000)

Total Liabilities	2,778,715	Total Assets	2,778,715
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Source of Funds

Paid-up Capital	101,641	Reserves and Surplus	884,120
Secured Loans	639,191	Unsecured Loans	138,610
Deferred Tax Liability	32,773		

Application of Funds

Net Fixed Assets	1,223,855	Investments	--
Net Current Assets	572,480	Misc. Expenditure	--
Accumulated Losses	--		

IV Performance of the Company (Rs. '000)

Turnover (including Other Income)	5,850,661	Total Expenditure	5,542,296
Profit / (Loss) before tax	308,365	Profit / (Loss) after tax	245,765
Earnings per Share in Rs.	24.18	Dividend rate %	70

V Generic Names of Three Principal Products / Services of the Company

Item Code No. (ITC Code)	8708 99 00
Product Description	Steering and Suspension Linkages
Item Code No. (ITC Code)	8708 94 00
Product Description	Steering Gears

For and on behalf of the Board

L GANESH

Chairman

Chennai
May 20, 2011

K S KASTURIRANGAN
Secretary

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

FINANCIAL HIGHLIGHTS

Summary of Results

Year	Income	Profit Before Tax	Profit After Tax	Profit after Tax and Dividends	Dividend %	Reserves & Surplus	Equity Share Capital	Earnings per Share
	Rs. Million	Rs. Million	Rs. Million	Rs. Million		Rs. Million	Rs. Million	Rs.
2006-07	3,329.81	183.89	136.16	86.62	40	338.13	101.64	13.08
2007-08	3,508.20	467.40	365.97	293.13	60	631.27	101.64	35.86
2008-09	3,531.59	12.01	3.62	3.62	--	609.23	101.64	0.36
2009-10	4,206.77	200.41	138.12	84.61	45	722.86	101.64	13.59
2010-11	5,850.66	308.37	245.77	162.88	70	884.12	101.64	24.18

Balance Sheet Summary

(Rs. Million)

Year ended 31 March	2011	2010	2009	2008	2007
Gross Fixed Assets	2,273.16	1,709.39	1,607.59	1,470.37	1,363.35
Depreciation	1,049.31	980.34	889.89	806.02	752.17
Net Fixed Assets	1,223.85	729.05	717.70	664.35	611.18
Investments	--	0.05	0.05	0.05	0.05
Current Assets, Loans and Advances	1,554.86	1,285.85	1,178.74	1,068.36	1,099.64
Miscellaneous Expenditure	--	--	--	--	48.37
Total Assets	2,778.71	2,014.95	1,896.49	1,732.76	1,759.24
Secured , Unsecured Loans	777.80	386.98	595.17	364.82	674.18
Deferred Tax Liability	32.77	44.61	43.02	42.72	64.19
Current Liabilities & Provisions	982.38	758.86	547.43	592.31	569.85
Total Liabilities	1,792.95	1,190.45	1,185.62	999.85	1,308.22
Net Worth	985.76	824.50	710.87	732.91	451.02
Represented by :					
Equity Share Capital	101.64	101.64	101.64	101.64	101.64
Preference Share Capital	--	--	--	--	11.25
Reserves & Surplus	884.12	722.86	609.23	631.27	338.13
Net Worth per Equity Share of Rs.10 each Rs.	96.98	81.12	69.94	72.11	43.27

