



# **Rane (Madras) Limited**

**8th ANNUAL REPORT 2012**

**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

**Vice President - 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

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## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the **Eighth Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.30 a.m.** on **Wednesday, July 11, 2012**, at **The Music Academy (Mini Hall)**, New No. 168, T.T.K Road, Royapettah, Chennai 600 014, to transact the following :-

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Directors' Report, the audited accounts of the Company for the year ended March 31, 2012 and the Auditors' Report thereon.

To consider adoption of the following resolution, as an **ordinary resolution**:

"Resolved that the Audited Balance Sheet as at March 31, 2012, the Profit and Loss Account for the year ended March 31, 2012 together with the Reports of the Directors and the Auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To declare dividend on equity shares

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

"Resolved that the interim dividend of Rs.5.50 per equity share declared by the Board of Directors of the Company on January 27, 2012 on 1,01,64,145 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.6,49,71,629/- (including dividend distribution tax and cess thereon), paid to the shareholders on February 11, 2012 for the year ended March 31, 2012, be and is hereby approved."

"Resolved further that final dividend of Rs.4/- per equity share of Rs.10/- each on 1,01,64,145 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2012, absorbing an amount of Rs. 4,72,52,094/- (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear in the Company's Register of Members as on July 11, 2012 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 6, 2012 as per the details furnished by the Depositories for this purpose."

3. To appoint a director in the place of Mr. MLakshminarayan, who retires by rotation under Article 113 and 115 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. M Lakshminarayan, 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. T Mukherjee, who retires by rotation under Article 113 and 115 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. T Mukherjee who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

### **SPECIAL BUSINESS :**

5. To appoint auditors of the Company and to determine their remuneration.

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

#### **Appointment of Auditors**

"Resolved that, pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. Deloitte Haskins and Sells, Chartered Accountants (Registration No. 008072S with The Institute of Chartered Accountants of India), be and are hereby appointed as auditors of the Company in the place of M/s. Price Waterhouse & Co., Chartered Accountants, who have intimated to the Company that they are not seeking re-appointment as auditors of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting 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.”

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

**Appointment of Mr. S Parthasarathy as ‘Manager’**

“Resolved that in accordance with the provisions of Sections 198, 269 and Section 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and such other approvals as may be required, Mr. S Parthasarathy, be and is hereby appointed as ‘Manager’ within the meaning of Section 2(24) of the Act, with effect from April 1, 2012, in the designation of President, for a period of three years from April 1, 2012 upto March 31, 2015 or such other shorter periods as may be decided by the Board of Directors of the Company, on the following terms:

**a) Salary :**

In the scale of Rs.2,20,000 to Rs.3,50,000 per month. Annual increase will be effective 1<sup>st</sup> of April every year from April 1, 2012 onwards and the quantum will be decided by the Board of Directors.

**b) Benefits, Perquisites and Allowances :**

Benefits, perquisites and allowances as may be determined by the Board of Directors from time to time in accordance with the applicable scheme of the Company, subject to a maximum of 150 % of the salary per annum.

The perquisites will be evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases.

**c) Contribution to funds :**

Company’s contribution to Provident Fund and Superannuation Fund or other pension fund will be as per the scheme of the Company.

Company’s contribution to Provident Fund and Superannuation Fund or pension fund as above will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-tax Act.

**d) Gratuity:**

Gratuity payable shall be as per the rules of the Company.

**e) Incentive Remuneration:**

Incentive Remuneration of such sum be paid based on the merits to be determined by the Board, provided that the total remuneration shall not exceed the limits prescribed under the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time.”

“Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Manager, he will be paid remuneration in terms of PART II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration.”

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

**Approval of payment of commission to Mr. L Ganesh, Chairman**

“Resolved that pursuant to the provisions of Section 309(4)(b) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be required, the payment and distribution by way of commission to Mr. L Ganesh, Chairman, 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 Act with effect from April 1, 2012 for a period of three years, be and is hereby approved.”

“Resolved further that subject to the limits as aforesaid, the payment and distribution of the commission to Mr. L Ganesh, Chairman be determined by the Board of Directors from time to time in such proportion and in such manner as the Board may determine.”

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

Chennai  
May 22, 2012

K S Kasturirangan  
**Secretary**

# Rane (Madras) Limited

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## 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 7, 2012 to Wednesday, July 11, 2012** (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. The Company has sent reminders to all those members whose dividend payments during the last seven years remain unpaid as per Company records. Members are requested to contact the Company's Registrars and Transfer Agents, for payment in respect of the unclaimed dividend for the financial year 2004-05 and thereafter.
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 registered with your respective Depository Participants (DPs). We encourage your participation and expect your support in this green initiative. To receive communications from the Company in electronic form, please register your e-mail address with your DP/ Registrar and Share Transfer Agents (RTA) or write to us at [investorservices@rane.co.in](mailto:investorservices@rane.co.in). All members are entitled to receive the communication in physical form upon request for the same.
6. 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 Registrars 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 dematerialized form are requested to update the change in residential and e-mail address with their respective Depository Participants (DPs).
7. 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.
8. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

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

### Resolution No.5

M/s. Price Waterhouse & Co., Chartered Accountants, Chennai, the auditors of the Company, who holds office until the conclusion of the ensuing Annual General Meeting (AGM), have vide their letter dated May 15, 2012 expressed that they are not seeking re-appointment as auditors of the Company. It is therefore proposed to appoint M/s. Deloitte Haskins and Sells, Chartered Accountants as the auditors of the Company in their place.

M/s. Deloitte Haskins and Sells, Chartered Accountants, have confirmed their eligibility for their appointment and expressed their willingness to act as the auditors of the Company, if appointed by the members at the AGM.

A special notice under Section 225 of the Companies Act, 1956 has been received by the

Company, from a member, of the intention to move the resolution appointing M/s. Deloitte Haskins and Sells, Chartered Accountants, as the auditors.

None of the directors is concerned or interested in the resolution. Your directors commend the resolution for adoption.

### Resolution No.6

Consequent to the resignation of Mr. Harish Lakshman as the 'Manager' under the Companies Act, 1956 with effect from March 31, 2012, your directors have, subject to the approval of shareholders, appointed Mr. S Parthasarathy, President of the Company, as 'Manager' for a period of three years from April 1, 2012 to March 31, 2015 on the terms of remuneration as detailed in the resolution.

As required under the Provisions of Schedule XIII to the Companies Act, 1956, the following information is provided.

## I. General Information:

The Company is a subsidiary of Rane Holdings Limited. The Company is engaged in manufacture and sale of Steering and Suspension Linkage Products and Steering Gear Assemblies, which falls under auto component industry. The financial performance of the Company for the year ended March 31, 2012 is given below:

Particulars for 2011-12	Rs. Crores
Sales & Operating Revenues	669.29
Profit Before Tax	37.17
Provision for Tax	9.77
Profit After Tax	27.40
Exports (FOB Value) during the year	74.64
Net Foreign Exchange Earnings	48.93

## II. Information about the appointee Mr. S Parthasarathy:

Name	Mr. S Parthasarathy	
Father's Name	Mr. V Srinivasan	
Date of Birth	October 17, 1958	
Date of Appointment	April 1, 2012	
Other Directorships	Rane Diecast Limited	
Committee Memberships	NIL	
Educational Qualifications	B.E., M.B.A. (AUBS)	
Experience	30 years experience	
Past Remuneration ( for 2011-12 )	<b>Particulars</b>	<b>Rs. Cr.</b>
	Salary	0.47
	Perquisites	0.05
	Contribution to Provident Fund, Pension Fund and Gratuity	0.08
	Commission	0.13
	<b>Total</b>	<b>0.73</b>
Recognition or Awards	-	
Job Profile and his suitability	Overall management of the Company. Given his qualification and experience Mr. S Parthasarathy is considered well suited for the position.	
Comparative remuneration profile with respect to the industry	The proposed remuneration package of the appointee is in line with the prevailing remuneration package in the industry, having regard to the size of the Company, profile of the position etc.,	
Remuneration Proposed	Detailed in the resolution. The remuneration proposed is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.	

Ministry of Corporate Affairs (MCA) vide their notification dated July 14, 2011 has liberalised the norms for payment of managerial remuneration and relaxed the requirement of seeking approval of Central Government for payment of remuneration exceeding the limits under Schedule XIII, in case there are no profits or profits are inadequate, if such managerial personnel is qualified and has expert / specialised knowledge in his profession and satisfies certain conditions.

Mr. S Parthasarathy satisfies the conditions laid down by MCA in the notification, viz, he possesses specialised qualifications in Engineering and Business Management and has over 30 years of experience. He does not hold and has not held any share in the share capital of the Company or the holding company viz., Rane Holdings Limited and is not having or has not held any interest, direct or indirect, in the Company or the holding company.

Mr. S Parthasarathy does not have any other pecuniary relationship with the Company. He is not related to any director or promoters of the Company or the holding company.

None of the directors is concerned or interested in the resolution.

Your directors commend the resolution for adoption.

# Rane (Madras) Limited

## Resolution No.7

At the Annual General Meeting of the Company held on July 19, 2010, the shareholders had approved payment of commission to Mr. L Ganesh, Chairman, to the extent of 1% of the net profits of the Company for a period of 3 years with effect from April 1, 2009 to March 31, 2012.

Mr. L Ganesh is a Chartered Accountant and also holds an MBA from the Pennsylvania State University, USA. He has over 33 years of industrial experience in overall management of the companies. He has held several positions of high responsibilities with various industry forums and had been the President of Automotive Components Manufacturers Association of India and Madras Management Association and Chairman of the Confederation of Indian Industry, Southern Region. Presently, he is Honorary Consul for New Zealand in South India.

Currently he is the Chairman and Managing Director of Rane Engine Valve Limited and Executive Vice-Chairman of Rane Holdings Limited.

Mr. L Ganesh is the Chairman of the Company since October 2006 and devotes substantial time and attention towards formulating new strategies to improve the performance and develop the business

of the Company. The cost reduction and profit improvement measures formulated by him have benefited the Company. He has played a key role in establishing strong footprint in global markets and winning the coveted Deming award.

Therefore, it is proposed to continue the payment of commission to Mr. L Ganesh on the same scale i.e., upto 1% of the net profits, per annum, for a period of three years with effect from April 1, 2012 to March 31, 2015, as may be determined by the Board from time to time, within these limits. Mr. L Ganesh does not draw any other remuneration from the Company.

Mr. L Ganesh is concerned or interested in the resolution. Mr. L Lakshman being relative of Mr. L 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 22, 2012

K S Kasturirangan  
**Secretary**

## 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
<b>Name of the director</b>	<b>Mr. M Lakshminarayan</b>	<b>Mr. T Mukherjee</b>
<b>Father's Name</b>	Mr. Venkatram Muthuswamy	Dr. Dinesh Chandra Mukherjee
<b>Date of birth</b>	September 7, 1946	October 13, 1942
<b>Educational Qualifications</b>	M. Tech	FNAE, FR Eng. D.Met (Sheffield)
<b>Experience</b>	Over 38 years of experience in the field of Science and Technology.	Over 43 years of experience in his profession.
<b>Date of appointment</b>	July 21, 2008	January 18, 2010
<b>Other Directorships</b>	<ol style="list-style-type: none"> <li>Kirloskar Engines India Limited</li> <li>Carborandum Universal Limited</li> <li>Wabco India Limited</li> </ol> <p style="text-align: center;"><u>Managing Director</u></p> <ol style="list-style-type: none"> <li>Harman International (India) Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>TIL Limited</li> <li>NICCO Corporation Limited</li> <li>West Bengal Industrial Development Corporation Limited</li> <li>Bharat Forge Limited</li> <li>Tata Advanced Materials Limited</li> <li>IFB Industries Limited</li> <li>Tractors India Private Limited</li> </ol>
<b>Committee Memberships</b>	<b>Member – Audit</b> <ol style="list-style-type: none"> <li>Carborandum Universal Limited</li> <li>Rane (Madras) Limited</li> </ol>	<b>Member – Audit</b> TIL Limited  <b>Chairman - Remuneration</b> Tractors India Private Limited  <b>Member – Remuneration</b> TIL Limited  <b>Member – Technology</b> NICCO Corporation Limited
<b>Number of shares held</b>	Nil	Nil

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

Chennai  
May 22, 2012

K S Kasturirangan  
**Secretary**

## REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their eighth Annual Report together with the accounts for the year ended March 31, 2012.

### 1. Financial Performance

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

(Rs. Crores)

Particulars	2011-12	2010-11
Sales and Operating Revenues	669.29	583.98
Other Income	3.82	1.48
Profit Before Tax	37.17	30.83
Provision for tax :		
Current	7.65	7.44
Deferred	2.12	(1.18)
Profit After Tax	27.40	24.57
Surplus brought forward	27.49	13.65
Amount available for appropriation	54.89	38.22

During the year, the Sales and Operating Revenues grew by 14.60% over the previous year. The Profit Before Tax improved by 20.56% over the previous year. Earnings per share for the year 2011-12 was higher at Rs.26.95 as against Rs.24.18 in the previous year.

### 2. Appropriation

Profit available for appropriation is Rs.54.89 crores. The directors have declared and paid an interim dividend of 55% on the equity capital of the Company for the year ended March 31, 2012 and have recommended a further 40% as final dividend, making for a total dividend of 95% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs.11.22 crores leaving the company with retained profits of Rs.43.67 crores. Out of this, Rs.2.74 crores is being transferred to the General Reserve and Rs.40.93 crores being retained as Surplus in the Profit and Loss Account.

### 3. Management Discussion & Analysis

Your company is engaged in the manufacturing and marketing of auto components for transportation industry. A detailed analysis of the automotive industry, your Company's performance etc. are discussed in the report on 'Management Discussion and Analysis' which forms part of this report and annexed as Annexure 'A'.

### 4. Fixed Deposits

The deposits outstanding as on March 31, 2012 amounted to Rs.10.77 crores. All deposits that matured during the year were repaid / renewed except for a sum of Rs.0.02 crores for which claims have not been lodged with your Company.

### 5. Board of Directors

Mr. M Lakshminarayan and Mr. T Mukherjee retire by rotation and being eligible, offer themselves for re-appointment. The notice convening the ensuing Annual General Meeting includes the proposal for their re-appointment as directors.

### 6. Conservation of energy

Your Company has been taking several initiatives to conserve energy. As an on-going process, energy audits have been conducted across the various Plants. Significant efforts continue in elimination of wasteful consumption of energy. Apart from this, a process of defining energy efficient machines has been initiated and progressively all machines are being converted to energy efficient machines, by optimizing the machine usage. Arising out of the above efforts, unit consumption of power for producing the products are coming down year by year.

### 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 (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in Form B are furnished in Annexure 'B'.

### 8. Foreign Exchange earnings and outgo

The foreign exchange earned during 2011-12 was Rs.74.64 crores against foreign exchange outgo of Rs.25.71 crores. Your Company continued to remain a substantial net foreign exchange earner with the foreign exchange earned being 2.9 times higher than the outgo.

### 9. Foreign Currency Loans

**Statutory Auditor's observation on accounting treatment in respect of External Commercial Borrowings (ECB) and associated swap contracts.**

The auditors' have in their report drawn attention to the accounting treatment in respect of ECB and associated swap contracts. This subject matter has been fully explained in Note 2 in the financial statements. Your directors are of the view that the

# Rane (Madras) Limited

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## REPORT OF THE DIRECTORS (cond.)

accounting treatment in this respect during the year and in the earlier years as well is in accordance with the substance of the transaction and as required by Accounting Standard -1 issued by The Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006.

This accounting treatment has been consistently followed in the audited accounts in all the earlier years when the arrangements were entered into. There has been no change to the notified standards during the year which results in the treatment consistently followed by the Company being non-compliant with the accounting standards or to be reviewed by the Company.

### 10. Employees

The particulars of employees, as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, are given in Annexure 'C'.

### 11. Auditors

M/s. Price Waterhouse & Co., (PWC) Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and have expressed that they are not seeking re-appointment. Your directors wish to place on record their appreciation for the services rendered by PWC during their association with the Company as Statutory Auditors since 2005.

Special notice has been received from a member signifying the intention to propose the appointment of M/s. Deloitte Haskins & Sells (DHS), Chartered Accountants as Statutory Auditors in the place of the retiring auditors. The Company has received letter from DHS to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. DHS has submitted the Peer Review Certificate issued to them by ICAI.

The notice of the ensuing Annual General Meeting contains necessary resolution in this regard. Your directors recommend the appointment of DHS as Statutory Auditors.

### 12. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

### 13. Corporate Social Responsibility

The vision on Corporate Social Responsibility (CSR) is, **"To be socially and environmentally responsive organization committed to improve quality of life within and outside"**. CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and educational trust, in the social and environmental spectrum.

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

- Contributed funds towards establishment of Polytechnic College at Trichy by Rane Foundation by way of donation and interest free loans.
- 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.

### 14. Corporate Governance Report

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

For and on behalf of the Board

**L GANESH**  
Chairman

Chennai  
May 22, 2012

**HARISH LAKSHMAN**  
Director

## Annexure A to Report of the Directors

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

The Company is engaged in the business of manufacture and marketing of Steering & Suspension Linkage Products and Steering Gear Products to passenger cars, commercial vehicles, farm tractors and as such operates in a single reportable segment viz., components for transportation industry.

#### Industry Structure, Developments and Performance

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

#### Industry Growth

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

	Volume Growth in %	
	2011-12	2010-11
<b>Vehicles</b>		
Passenger Cars	2	27
Utility Vehicles	17	17
Small Commercial Vehicles	27	36
Light Commercial Vehicles	28	22
Medium & Heavy Commercial Vehicles	11	38
Farm Tractors	12	22

Source: Society of Indian Automobile Manufacturers

#### Domestic Market

In the domestic market, the Company registered net sales of Rs. 576 crores compared to Rs. 482 crores in the previous year, representing an overall growth of 19%.

The break-up of the domestic sales by products is given below:

Rs. in crores

Products	2011-12	2010-11	Growth in %
<b>Steering &amp; Suspension Linkage Products</b>	324	268	21
<b>Steering Gear Products</b>	252	214	17
<b>Total</b>	<b>576</b>	<b>482</b>	<b>19</b>

Your Company has met the continuing demand for Steering & Suspension Linkage Products and Steering Gear Products from OEM and aftermarket. Special focus was given to meet the demand from the OEM tractor manufacturers. New products contributed major share of the revenues from OEM sales.

The Company implemented a region-wise growth strategy to increase the sales from the aftermarket and also diversified the aftermarket product portfolio to increase market share.

Rs. in crores

Market	2011-12	2010-11	Growth in %
<b>OEM</b>	475.02	409.07	16
<b>Aftermarket</b>	101.20	72.97	39

#### Exports

The Company earned Rs. 81 crores through exports, a decline of 12% from the previous year. The decline in export sales is due to changes in customer programs and drop in sales of Steering and Suspension Linkage Products in North America. The new customer programs initiated during the year 2011-12, will be realised at full volumes in the forthcoming years. In addition, opportunities from Steering Gear Products are explored to augment the export sales.

The United States Dollar, the currency in which the Company exports, remained strong against the Rupee. The impact of exchange rate volatility and weak rupee was minimized with robust forex policy adopted by the Company.

# Rane (Madras) Limited

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

The break-up of the export sales is given below:

**Rs. in crores**

Products	2011-12	2010-11	Growth in %
Steering & Suspension Linkage Products	24	51	-53
Steering Gear Products	57	41	39
<b>Total</b>	<b>81</b>	<b>92</b>	<b>-12</b>

### Operational and Financial Performance

#### Financial Review

In the year ended March 31, 2012, net sales of the Company was Rs.657.22 crores; a growth of 14 % over the previous year. The Profit Before Tax (PBT) was Rs.37.17 crores, an increase of 21% over the previous year. The revenue from the domestic sales for the year was Rs.576 crores, an increase of 19% compared with the previous year. The earnings from exports was Rs.81 crores, a decline of 12% against the last year export sales. The sales from the new products generated 15% of the revenues, a consistent performance over years. Premium transporting charges during the year was brought down considerably as the capacity for servicing the growth was in place.

The variable conversion costs such as labour, power and consumables escalated in the year 2011-12, reflecting the inflationary trend in the economy. In addition, certain fixed costs were incurred to manage the operations and to leverage the Company for future growth. The spiralling interest costs impacted the overall cost structure of the Company.

The Company continued to focus on operational efficiencies to improve productivity and implemented cost control measures through innovative practices at the shop floor level to sustain growth and profitability. Several projects were undertaken to offset the impact of cost increases. These efforts yielded improved profitability.

#### Operations and Manufacturing Review

Total Quality Management (TQM) is a way of life at the Company and is embedded in its core organizational value. "Customer delight through total quality" is the

prime motto of the Company. Excellence in quality is achieved through continuous quality improvement with Kaizen, Quality Control (QC) story, 7 QC tools and other statistical tools. Active employee participation is the key to remain competitive in ever changing market scenario. The joint meetings with suppliers and customers ensure seamless integration of component value addition in the manufacturing cycle. The Quality Circles and Cross Functional Teams (CFT) resolved operational issues pertaining to manufacturing and quality. The best employee suggestions and practices are shared across functions. In the year under review the number of suggestions received per employee improved resulting in an average of 3 Quality Control Circle (QCC) projects per year.

Value Analysis (VA)/Value Engineering (VE) techniques are rigorously practiced to improve the cost structure. The Company has received many awards and certifications for its eminence in manufacturing and quality. Some of the awards include:

1. Best Supplier Award from Tractors and Farm Equipments Limited [TAFE]
2. Best HR Practices by Maruti Suzuki India Limited
3. Best Supplier Award from HV Axles Limited
4. Recognition for Quality Systems by Maruti Suzuki India Limited

The Company has also taken several measures to improve productivity and enhance capacity utilization including Lean Manufacturing and Productivity Improvement projects. The asset utilization and asset enhancement opportunities of existing assets are thoroughly evaluated before considering any decision on new investments. As a result, the Company's asset productivity and asset utilization remains one of the best in the auto ancillary industry.

#### Outlook

The Company is cautiously optimistic about the stable growth in the automotive industry, especially in the passenger car and commercial vehicle categories. The demand for mechanical steering gears to be used along with electric power steering is expected to

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

increase. The company is fully capable of scaling up the operations to fulfil volumes and also has the distinct advantage of manufacturing different components of multiple lot sizes all at the same time.

Product portfolio diversification efforts by the Company includes developing steering gears for applications in all-terrain vehicles, hydraulic cylinders for applications in tractors & commercial vehicles and hydrostatic units for use in tractors. In addition, the pilot product performance is evaluated before the actual product development through virtual 3-D designing, eventually minimizing the product design lead time and time-to-market.

The concerns of liquidity, high inflation, weak rupee, volatile oil price and high interest rate may negatively affect the growth sentiments of the auto industry. The Company is well placed to evaluate these conditions and to mitigate any specific issue affecting the growth. The opportunities from the adjacent markets and product space are evaluated to sustain the growth and profitability.

### Opportunities & Threats

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

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

Rane Group's strength continues in areas of:-

- Market Leadership
- Brand Equity
- Human Resources
- Total Quality Management (TQM)
- Core design capability
- State-of-the-art testing facility
- Ability to scale up operations

The Company will endeavor to further develop and improve its strengths.

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

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

### Internal Control Systems and Risk Management

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

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

# Rane (Madras) Limited

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## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

top management as part of the internal audit process every quarter. The overall re-assessment of risks at company level is carried out and presented to the Board once in two years for their review.

### **Human Resource Development and Industrial Relations**

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

As part of the Company's four-level Professional Development Architecture (PDA), the first batch of Rane Emerging Managers Program (REMP) was launched during November 2011 for high potential individuals to groom them for the future. Aspiring to become an employer of choice, the Company

is implementing various initiatives focusing on delivering its Employer Brand Promise of challenging assignments, encouraging learning and enhancing career opportunities.

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

As at the end of March 31, 2012, the total number of employees stood at 1070.

### **Cautionary Statement**

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

## Annexure B to Report of the Directors

### FORM B

Disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2012.

### RESEARCH AND DEVELOPMENT (R & D)

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

- Product technology for mechanical Rack & Pinion for deploying with Electric Power Steering (EPS), with focus on attenuating friction and noise
- Development of EPS for farm tractors and small commercial vehicles
- Hydraulic products for farm tractors, commercial vehicles and off – road vehicles
- Ball joints for vehicular suspension application
- Development of compact steering for emerging segment of low HP farm tractors
- Enhancing virtual analysis

#### 2. Benefits derived as a result of R & D

- Potential business for new generation cars with EPS and recognition of RML as a global Rack & Pinion Steering Gear manufacturer
- To fortify RML's position in the farm tractor and small commercial vehicle business in the near future by offering contemporary technology products
- Contribute to company's aspirations of new portfolio products
- Facilitate expanding export business and make inroads into domestic suspension business
- Augment leadership position in farm tractor segment
- Achieve first time right and reduce time to market new products

#### 3. Future plan of action

- Deployment of appropriate technology to enhance product performance in all segments
- Creating world class validation infrastructure for Rack & Pinion products
- Focused product reliability enhancement

### 4. Expenditure on R & D

Rs. Crores

Particulars	2011-12	2010-11
A Capex	1.08	0.57
B Recurring	3.62	3.43
C Total	4.70	4.00
D Total R & D expenses as a percentage of total turnover	0.71%	0.69%

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- High strength tubes for commercial vehicle linkages
- Maintenance free ball joints for commercial vehicles
- Polyurethane seal technology for ball joints

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

- Development of new products and retaining / increasing business share
- Improvement of performance of existing products and offering value proposition to customers

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

Technology Imported	Year of Import	Has the Technology been fully absorbed	Areas where Technology not fully absorbed, reason and future plan of action
Manufacture, Assembly and testing of ball joints for installation on certain manual steering gears and hydraulic power steering gears.	2009	Yes	Not Applicable
Design and development of prototypes of Lower control arm.	2010	Yes	Not Applicable

For and on behalf of the Board

**L GANESH**  
Chairman

Chennai  
May 22, 2012

**HARISH LAKSHMAN**  
Director

# Rane (Madras) Limited

## Annexure C to Report of the Directors

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

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	53	President	05.04.2000	73,41,891	B.E., M.B.A.	30	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.

For and on behalf of the Board

**L GANESH**  
Chairman

Chennai  
May 22, 2012

**HARISH LAKSHMAN**  
Director

## Annexure D to Report of the Directors

### CORPORATE GOVERNANCE

#### 1. Philosophy on Code of Governance

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

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

#### 2. Board of Directors

The Board of the Company consists of Seven Non-Executive Directors. The composition of the

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, 2012 have been made by the Directors.

The Board met Five (5) times during the financial year on May 20, 2011, July 19, 2011, October 21, 2011, January 27, 2012 and March 20, 2012. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them 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	3	No	1	11	4	6
Mr. L Ganesh	Non-Executive & Promoter	5	Yes	6	4	2	7
Mr. Harish Lakshman	Non-Executive & Promoter	5	Yes	-	7	2	2
Mr. V Narayanan	Independent & Non-Executive	5	Yes	1	4	3	2
Mr. P S Kumar	-do-	5	Yes	-	4	3	1
Mr. M Lakshminarayan	-do-	4	Yes	-	3	-	2
Dr. T Mukherjee	-do-	5	Yes	-	6	-	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. Reviewing the internal audit reports relating to internal control weaknesses, if any.
11. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee 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 is the Secretary to the Committee.

The Committee met Four (4) times during the year on May 20,2011, July 19, 2011, October 21, 2011 and January 27, 2012.

Name of the Director	No. of Meetings Attended
Mr. V Narayanan	4
Mr. L Lakshman	2
Mr. P S Kumar	4
Mr. M Lakshminarayan	4

The Statutory Auditors and the Internal Auditors were present as invitees in all the meetings. The President and the Vice President - 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 The 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.

#### 4. Remuneration to directors

Mr. Harish Lakshman, Director, held the office of 'Manager' of the company under the Companies Act, 1956, upto March 31, 2012. 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.

The Board has appointed Mr. S Parthasarathy, President, as 'Manager' under the Companies Act, 1956 in the vacancy caused due to the resignation of Mr. Harish Lakshman as Manager.

## CORPORATE GOVERNANCE (cond.)

Mr. Parthasarathy's appointment is for a period of three years, effective April 1, 2012, subject to the approval of shareholders at the ensuing Annual General Meeting. Mr. Parthasarathy would be paid remuneration in terms of Sections 198, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956.

There is no severance fee payable to the Manager.

During the year 2011-12, 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. Mr. L Lakshman and Mr. L Ganesh do 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.)
Dr. T Mukherjee	1,00,000
Mr. Harish Lakshman	1,05,000
Mr. V Narayanan	1,80,000
Mr. M Lakshminarayan	1,60,000
Mr. P S Kumar	1,85,000

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. Commission payable to Mr. L. Ganesh, Chairman for the year 2011-12 is Rs. 37,28,641/-.

The Board of Directors of the Company have approved payment of commission not exceeding 1% of the net profits to Mr. L Ganesh for a period of three years with effect from April 1, 2012, subject to the approval of shareholders at the ensuing Annual General Meeting.

Mr. Hairsh 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 is the Secretary to the Committee and also acts as compliance officer of the Company.

The Committee met two (2) times during the year on May 20, 2011 and October 21, 2011.

Name of the Director	No. of Meetings attended
Mr. L Lakshman	1
Mr. Harish Lakshman	2
Mr. P S Kumar	2

During the year, the Company received one investor complaint through Registrar and Transfer Agent, for non-receipt of dividend and the same was duly disposed off. No complaint was received from SEBI / Stock Exchanges / Ministry of Corporate Affairs. The Company also follows the SEBI Complaints Redress System (SCORES), a web based portal administered by SEBI for addressing investor complaints. During the year the Company did not receive any complaint in the SCORES platform.

# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

### 7. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special Resolutions Passed	Time	Venue
July 19, 2011 (7 <sup>th</sup> AGM)	1. Re-appointment of Mr. Harish Lakshman as 'Manager' 2. Approving the appointment of Mr. Aditya Ganesh as Graduate Engineer Trainee, in terms of Section 314(1)(b) of Companies Act, 1956.	10.30 a.m	Narada Gana Sabha (Main Hall), No.314, TTK Road, Royapettah, Chennai 600 018.
July 19, 2010 (6 <sup>th</sup> 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 (5 <sup>th</sup> AGM)	No special resolution was passed	10.30 a.m.	The Music Academy (Mini Hall), New No.168, T.T.K Road, Royapettah, Chennai 600 014.

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

### 8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relative etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 27 of the financial statements, have been reviewed by the Audit Committee.

There was no instance of non-compliance by the Company on any matters relating to the capital markets nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority 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:-

- maintaining an office for the Chairman at the registered office of the Company.
- 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, as part of the 'Great Place To Work' initiatives, the Company permits access to its employees to approach the top management on any critical issues.

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

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

### 9. Means of communication

The quarterly / annual financial results were published in "Business Standard" (English) and "Dinamani" (Tamil). The financial results and the shareholding pattern were uploaded in the website of the stock exchanges and the Company viz. <http://rane.co.in>. During the year, a presentation was made to analysts/institutional investors and was published in the website of the Company. A Management Discussion and Analysis report is 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. M Lakshminarayan	Mr. T Mukherjee
Father's Name	Mr. Venkatram Muthuswamy	Mr. Dinesh Chandra Mukherjee
Date of birth	September 7, 1946	October 13, 1942
Educational Qualifications	M.Tech	FNAE, FR Eng. D.Met (Sheffield)
Experience	Over 38 years of experience in the field of Science and Technology.	Over 43 years of experience in his profession.
Date of appointment	July 21, 2008	January 18, 2010
Other Directorships	<ol style="list-style-type: none"> <li>Kirloskar Engines India Limited</li> <li>Carborandum Universal Limited</li> <li>Wabco India Limited</li> </ol> <p style="text-align: center;"><u>Managing Director</u></p> <ol style="list-style-type: none"> <li>Harman International (India) Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>TIL Limited</li> <li>NICCO Corporation Limited</li> <li>West Bengal Industrial Development Corporation Limited</li> <li>Bharat Forge Limited</li> <li>Tata Advanced Materials Limited</li> <li>IFB Industries Limited</li> <li>Tractors India Private Limited</li> </ol>
Committee Memberships	<b>Member – Audit</b> <ol style="list-style-type: none"> <li>Carborandum Universal Limited</li> <li>Rane (Madras) Limited</li> </ol>	<b>Member – Audit</b> TIL Limited <b>Chairman - Remuneration</b> Tractors India Private Limited <b>Member – Remuneration</b> TIL Limited <b>Member – Technology</b> NICCO Corporation Limited
Number of shares held	Nil	Nil

#### ii. Annual General Meeting

**July 11, 2012 at 10.30 a.m.**

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

#### iii. Financial Year – 1<sup>st</sup> April to 31<sup>st</sup> March

Financial Calendar:

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2012	May 22, 2012
Un-audited results for the 1 <sup>st</sup> quarter ending June 30, 2012	July 19, 2012
Un-audited results for the 2 <sup>nd</sup> quarter ending September 30, 2012	October 18, 2012
Un-audited results for the 3 <sup>rd</sup> quarter ending December 31, 2012	January 23, 2013
Annual Accounts for the year ending March 31, 2013	By last week of May 2013

# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

### iv. Book Closure & Dividend:

The book closure period is from **July 7, 2012** (Saturday) to **July 11, 2012** (Wednesday) (both days inclusive).

#### Dividend:

During the year, the Board of Directors declared an interim dividend of Rs.5.50 per equity share and the same was paid on February 11, 2012 to all eligible shareholders whose name appeared in the Register of Members of the Company on February 8, 2012.

The Board of Directors at its meeting held on May 22, 2012, has recommended a final dividend of Rs.4/- per equity share. The dividend, if declared by the shareholders, will be paid on July 16, 2012 to all those members whose name appear in the Register of Members as on July 11, 2012 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 6, 2012.

### 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.

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

Year	Date of declaration	Dividend per share # (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2012) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2005	20.07.2005	1.00	1,17,309.00	24.08.2012	22.09.2012
31.03.2006 *	25.01.2006	1.50	53,943.50	28.02.2013	29.03.2013
31.03.2006	21.07.2006	1.50	43,608.50	24.08.2013	22.09.2013
31.03.2007 *	23.01.2007	2.00	65,092.00	27.02.2014	28.03.2014
31.03.2007 *	20.03.2007	2.00	67,218.00	25.04.2014	24.05.2014
31.03.2008 *	17.03.2008	6.00	1,86,918.00	21.04.2015	21.05.2015
31.03.2009**	-	-	-	-	-
31.03.2010 *	18.01.2010	2.50	1,26,195.00	22.02.2017	23.03.2017
31.03.2010	19.07.2010	2.00	1,02,550.00	23.08.2017	22.09.2017
31.03.2011 *	21.01.2011	4.50	1,97,262.00	25.02.2018	26.03.2018
31.03.2011	19.07.2011	2.50	1,09,860.00	22.08.2018	20.09.2018
31.03.2012 *	27.01.2012	4.50	6,59,384.00	01.03.2019	30.03.2019

# - Share of paid-up value of Rs. 10/- per share

Note : \* - Interim Dividend

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

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

### v. Listing on Stock Exchanges:

Stock Exchange	Stock Code
<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5th Floor, Plot No C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	RML
<b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532661

**Listing Fee:** Annual Listing fees for the financial year 2012-13 have been paid to both the above stock exchanges.

## CORPORATE GOVERNANCE (cond.)

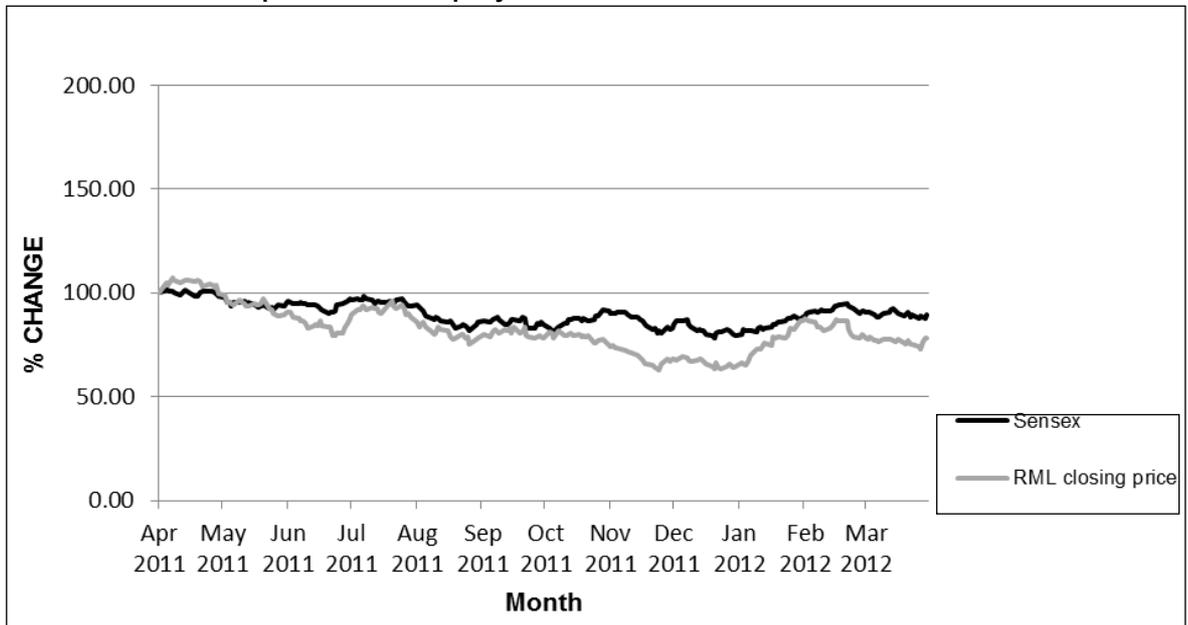
### vii. Share Price Data

The share price data (based on closing price) as quoted on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. during the last financial year viz. April 1, 2011 – March 31, 2012, is given below:

Month	National Stock Exchange of India Ltd (NSE)		Bombay Stock Exchange Ltd (BSE)	
	Share Prices (Rs.)		Share Prices (Rs.)	
	High	Low	High	Low
April 2011	161.35	148.95	160.95	149.45
May 2011	147.90	132.40	148.15	133.60
June 2011	135.30	117.65	135.95	119.15
July 2011	143.75	132.30	143.50	132.00
August 2011	129.95	113.80	128.95	112.95
September 2011	124.70	118.00	125.00	117.10
October 2011	120.40	111.80	122.40	111.95
November 2011	111.70	94.30	111.60	94.25
December 2011	104.00	95.05	104.00	94.70
January 2012	130.05	98.00	130.05	97.80
February 2012	132.00	117.75	131.45	116.90
March 2012	118.30	109.90	118.00	109.70

Source : [www.bseindia.com](http://www.bseindia.com) ; [www.nseindia.com](http://www.nseindia.com)

### Performance of share price of the Company vs BSE Sensex



Note : Both BSE Sensex and RML share prices are indexed to 100 as on April 1, 2011

# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

### viii.Registrar and Transfer Agents

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

**Integrated Enterprises (India) Ltd.,**

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

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

e-mail: [corpserv@iepindia.com](mailto: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 process is completed 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.

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

### x. Distribution of shareholding as on March 31, 2012

No. of shares held	Shareholders		Shares held	
	Number	% to total	Number	% to total
Upto 500	5,679	82.84	7,14,330	7.03
501-1000	491	7.16	3,95,769	3.89
1001-2000	302	4.41	4,57,437	4.50
2001-5000	246	3.59	8,09,063	7.96
5001-10000	72	1.05	5,22,256	5.14
10001-20000	38	0.55	5,29,249	5.21
20001-50000	20	0.29	5,59,135	5.50
50001-100000	4	0.06	3,58,704	3.53
100001 & above	3	0.04	58,18,202	57.24
<b>Total</b>	<b>6,855</b>	<b>100.00</b>	<b>1,01,64,145</b>	<b>100.00</b>

### xi. Pattern of shareholding as on March 31, 2012

Sl. No.	Category	No. of Shareholders	No. of Shares	% to total capital
A	Promoters	18	56,26,404	55.36
B	Mutual Funds & UTI	1	1,56,211	1.54
C	Banks	4	400	0.00
D	Private Corporate Bodies	161	5,01,650	4.94
E	Indian Public and others	6,593	38,22,897	37.61
F	Non-Resident Indians	78	56,583	0.56
	<b>Total</b>	<b>6,855</b>	<b>1,01,64,145</b>	<b>100.00</b>

### xii. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of the shares held by investors. The shares of the Company are compulsorily traded in dematerialised form. As of March 31, 2012 about 97.15% 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: 28112472, Fax: 28112449  
E-mail: [investorservices@rane.co.in](mailto:investorservices@rane.co.in)

**OR**

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

## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by **Rane (Madras) Limited** (the "Company"), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the Company with stock exchanges in India.

The compliance of 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 of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We 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 22, 2012

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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, 2012.

Chennai  
May 22, 2012

**S Parthasarathy**  
President

## 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, 2012, and the related Statement of Profit and Loss 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. *We draw your attention to the accounting treatment followed by the Company in respect of External Commercial Borrowings (the "ECBs") and swap contracts which in our view is not in compliance with the following Accounting Standards:*
  - (a) *Accounting Standard (AS) 11 – "The Effect of Changes in Foreign Exchange Rates" - in view of non restatement of certain foreign currency ECBs as at year end, which were availed for purchase of depreciable fixed assets; and consequent non adjustment of the resultant foreign exchange loss of Rs.5.03 crores to the carrying amount of related depreciable fixed asset; and*
  - (b) *Accounting Standard (AS) 30 - "Financial Instruments: Recognition and Measurement" - in view of non-recognition of mark-to-market gain of Rs.4.49 crores on swap contracts outstanding at the year end in the Statement of Profit and Loss.*  
*In view of the above, Fixed assets/ Long- term borrowings as at March 31, 2012 is understated by Rs. 5.03 crores and Other income/ Profit for the year ended March 31, 2012 and Reserves and Surplus as at March 31, 2012 is lower by Rs. 4.49 crores.*
5. 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, *except for the effects of the matters referred to in paragraph 4 above*, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, *except for the effects of the matters referred to in paragraph 4(a) above*, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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 *except for the effects of the matters referred to in paragraph 4 above*, 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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 22, 2012

## 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 as of and for the year ended March 31, 2012

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 were not material.
3. (a) The Company has not granted any loans, secured or 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 0.25 crores to a party during the year. The maximum amount involved during the year and the year end balance (including Rs 0.50 crores granted in previous year) of such loan is Rs 0.75 crores. In our opinion, the terms and conditions of such loan is not prima facie prejudicial to the interest of the Company and no amount 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, 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 and fixed assets and for the sale of goods. The Company has not sold any services 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, no major weakness have been noticed or reported.
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.  
(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 considering the business requirements/ situations, 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

# Rane (Madras) Limited

## ANNEXURE TO AUDITORS' REPORT (Contd...)

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 the 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 and other material statutory dues, as applicable, with the appropriate authorities and is generally regular in respect of undisputed Income tax though there has been slight delay in few cases.

- (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 and excise duty as at March 31, 2012 which have not been deposited on account of a dispute (there being no such cases with regard to sales tax, wealth tax and customs duty) are as follows:

Name of the statute	Nature of dues	Amount (Rs. Crores)	Year to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	0.06	2006-07	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Service Tax	0.17	2005-07	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.31	1996-97	Supreme Court
Income Tax Act, 1961	Income tax	4.03	2006-07	Commissioner of Income tax
Income Tax Act, 1961	Income tax	6.52	2007-08	Commissioner of Income tax
Income Tax Act, 1961	Income tax	3.62	2008-09	Commissioner of Income tax

10. The Company has no accumulated losses as at March 31, 2012 and it has not incurred 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.

## ANNEXURE TO AUDITORS' REPORT (Contd...)

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, the term loans have been applied, on an overall basis, 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 debentures during the year; and does not have any debentures outstanding as at the year end.
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 any such case by the Management.

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

**(Pinaki Chowdhury)**

Chennai  
May 22, 2012

Partner  
Membership Number 057572

# Rane (Madras) Limited

## BALANCE SHEET AS AT 31 MARCH 2012

	Note	As at 31 March 2012 Rs. Crores	As at 31 March 2011 Rs. Crores
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	10.16	10.16
Reserves and surplus	4	104.90	88.42
		<b>115.06</b>	98.58
<b>Non-current liabilities</b>			
Long-term borrowings	5	39.93	39.50
Deferred tax liabilities (Net)	6	5.40	3.28
Other Long term liabilities	7	0.60	0.94
Long-term provisions	8	4.26	3.89
		<b>50.19</b>	47.61
<b>Current liabilities</b>			
Short-term borrowings	9	57.11	30.25
Trade payables	10	81.44	70.88
Other current liabilities	11	28.46	23.87
Short-term provisions	12	8.77	6.65
		<b>175.78</b>	131.65
<b>TOTAL</b>		<b>341.03</b>	<b>277.84</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	13		
Tangible assets		140.13	98.11
Intangible assets		0.10	-
Capital work-in-progress		12.24	9.90
		<b>152.47</b>	108.01
Long-term loans and advances	14	5.81	16.40
<b>Current assets</b>			
Inventories	15	53.94	52.47
Trade receivables	16	110.42	81.27
Cash and bank balances	17	1.58	5.84
Short-term loans and advances	18	16.61	13.68
Other current assets	19	0.20	0.17
		<b>182.75</b>	153.43
<b>TOTAL</b>		<b>341.03</b>	<b>277.84</b>

The notes are an integral part of these financial statements

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  
Chennai  
May 22, 2012

**K S KASTURIRANGAN**  
Secretary

**HARISH LAKSHMAN**  
Director

**L LAKSHMAN**  
Director

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

	Note	Year ended 31 March 2012 Rs. Crores	Year ended 31 March 2011 Rs. Crores
Revenue from operations (Gross)	20	728.75	631.82
Less: Excise Duty		59.46	47.84
Revenue from operations (Net)		669.29	583.98
Other Income	21	3.82	1.48
<b>Total Revenue</b>		<b>673.11</b>	<b>585.46</b>
Expenses :			
Cost of materials consumed	22	446.95	382.55
Changes in inventories of finished goods and work-in-progress	23	(7.70)	(0.43)
Employee benefit expenses	24	63.33	54.52
Finance costs	25	11.78	5.73
Depreciation and amortization expense	13	13.84	9.34
Other expenses	26	107.55	98.43
<b>Total expenses</b>		<b>635.75</b>	<b>550.14</b>
Profit before exceptional item and tax		37.36	35.32
Exceptional items - termination benefit under Voluntary Retirement Scheme		0.19	4.49
<b>Profit before tax</b>		<b>37.17</b>	<b>30.83</b>
Tax expenses :			
Current tax		7.65	7.44
Deferred tax charge/(credit)		2.12	(1.18)
		9.77	6.26
<b>Profit for the year</b>		<b>27.40</b>	<b>24.57</b>
Earnings per equity share (in Rupees)	30		
Equity shares of Rs.10 each			
Basic		26.95	24.18
Diluted		26.95	24.18

The notes are an integral part of these financial statements

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  
Chennai  
May 22, 2012

**K S KASTURIRANGAN**  
Secretary

**HARISH LAKSHMAN**  
Director

**L LAKSHMAN**  
Director

# Rane (Madras) Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

PARTICULARS		31 March 2012 Rs. Crores	31 March 2011 Rs. Crores
<b>(A)</b>	<b>Cash flow from Operating Activities</b>		
	Net profit before tax	37.17	30.83
	<b>Adjustments for:</b>		
	Depreciation / Amortisation	13.84	9.34
	Interest income	(0.74)	(0.46)
	Interest expense	10.87	5.57
	Provision for doubtful debts	0.22	0.32
	Liabilities no longer required written back	(0.21)	(0.35)
	Unrealised exchange (gain)/loss (net)	0.01	(0.11)
	Profit on Sale of Fixed Assets (net)	(0.19)	(0.25)
	Income from other than trade long term investment	-	*
	<b>Operating Profit before working capital changes</b>	<b>60.97</b>	<b>44.89</b>
	Changes in working capital :		
	Increase in trade payables	10.84	14.74
	Increase in provisions	0.73	0.49
	Increase/(Decrease) in other current liabilities	(6.98)	5.54
	Increase/(Decrease) in other long term liabilities	(0.34)	0.77
	(Increase) in trade receivables	(29.12)	(19.76)
	(Increase) in inventories	(5.20)	(7.44)
	(Increase)/Decrease in loans and advances	(1.57)	4.97
	Cash generated from operations	29.33	44.20
	Direct Taxes paid (net)	(9.18)	(10.02)
	<b>Net cash from Operating Activities</b>	<b>20.15</b>	<b>34.18</b>
<b>(B)</b>	<b>Cash flow from Investing Activities</b>		
	Purchase of tangible/intangible assets	(42.18)	(58.94)
	Realised from other than trade long term investment	-	0.01
	Proceeds from sale of fixed assets	0.25	0.38
	Interest received on deposits/supplier payments	0.71	0.91
	Income from other than trade long term investment	-	*
	<b>Net cash used in Investing Activities</b>	<b>(41.22)</b>	<b>(57.64)</b>
<b>(C)</b>	<b>Cash flow from Financing Activities</b>		
	Proceeds from long term borrowings from banks	16.80	29.75
	Increase in Short term loans from banks/cash credit/packing credit/Commercial Paper (net)	26.53	18.59
	Repayment of long term borrowings from banks	(4.87)	(9.41)
	Proceeds from Fixed Deposits	1.57	2.37
	Repayment of Fixed Deposits	(3.16)	(2.15)
	Dividends paid [including Dividend Tax Rs.1.33 crores (Previous year - Rs.1.10 crores)]	(9.46)	(7.70)
	Interest paid	(10.73)	(5.06)
	<b>Net cash from Financing Activities</b>	<b>16.68</b>	<b>26.39</b>
	<b>Increase in cash and cash equivalents (A+B+C)</b>	<b>(4.39)</b>	<b>2.93</b>
<b>(D)</b>	<b>Cash and cash equivalents - Opening Balance</b>	<b>5.53</b>	<b>2.60</b>
<b>(E)</b>	<b>Cash and cash equivalents - Closing Balance</b>	<b>1.14</b>	<b>5.53</b>

\* Amount is below the rounding off norm adopted by the Company

	31 March 2012 Rs. Crores	31 March 2011 Rs. Crores
<b>Notes :</b>		
1 Cash and cash equivalents at the beginning of the year		
Cash on hand	0.02	0.07
Balance in current accounts [including unpaid dividend and interest warrant accounts aggregating Rs.0.16 crores (Previous year - Rs.0.17 crores) not available for use by the Company.]	5.51	2.53
	5.53	2.60
Cash and cash equivalents at the end of the year		
Cash on hand as per Balance Sheet	0.05	0.02
Balance in current accounts as per Balance Sheet [including unpaid dividend and interest warrant accounts aggregating Rs.0.16 crores (Previous year - Rs.0.16 crores) not available for use by the Company.]	1.09	5.51
	1.14	5.53

- 2 Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year's presentation. (Also refer Note 40 of the Financial Statements)

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**  
Director

**L LAKSHMAN**  
Director

Chennai  
May 22, 2012

# Rane (Madras) Limited

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## Notes forming part of the financial statements

### Note 1

#### Summary of 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) [Companies (Accounting standard) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 (the 'Act') and Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' as set out in Note 1.12 below.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

##### 1.2 Use of Estimates

The preparation of 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 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.

##### 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 Fixtures	5
Office Equipments (other than computers)	3
Computers	4
Tools	3

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 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.

## Notes forming part of the financial statements

### 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.

### 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 the Statement of Profit and Loss 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 Statement of Profit and Loss 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 the Statement of Profit and Loss in the period in which 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.

## Notes forming part of the financial statements

### 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss in the period in which they arise.

## 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.

## Notes forming part of the financial statements

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.

### 1.15 Government grants

Grants of Capital nature and related to specific Fixed Assets are deducted from gross value of assets. Other grants of Capital nature are credited to Capital Reserve.

## Note 2

### External Commercial Borrowings and related swap contracts

Year end balance of foreign currency External Commercial Borrowings (ECBs) amounting to Rs.45.64 Crores are fully hedged through related swap contracts and are accounted as INR loan. The Company has been consistently treating the ECBs and the associated swap contracts as composite transactions.

Consequently,

- (i) notional loss on restatement of ECBs aggregating to Rs. 5.03 Crores relating to depreciable fixed assets have not been adjusted to the carrying amount of fixed assets and
- (ii) unrealised notional mark to market gain of Rs. 4.49 Crores relating to outstanding swap contracts has not been recognised in the Statement of Profit and Loss

The Company has applied the principle of substance over form as set out in paragraph 17(b) of Accounting Standard 1 notified in the Companies Accounting Standard Rules, 2006 to reflect a true and fair view of the performance and financial position of the Company.

## Note 3

### Share Capital

- (i) Authorised :

1,10,00,000 Equity Shares of Rs.10 each

45,00,000 - 13.5% Cumulative Redeemable Preference Shares of Rs. 10 each

- (ii) Issued, Subscribed and Fully Paid Up:-

1,01,64,145 Equity Shares of Rs.10 each

- (iii) Number of Shares held by Holding Company  
Rane Holdings Limited

- (iv) Number of Equity Shares outstanding as at the beginning of the period

Number of Equity Shares outstanding as at the end of the period

- (v) Shares in the Company held by each shareholder holding more than 5 per cent shares  
Rane Holdings Limited

	As at 31 March 2012		As at 31 March 2011	
	<b>Rs. Crores</b>	<b>11.00</b>	Rs. Crores	11.00
	<b>Rs. Crores</b>	<b>4.50</b>	Rs. Crores	4.50
	<b>Rs. Crores</b>	<b>10.16</b>	Rs. Crores	10.16
	<b>Nos.</b>	<b>54,73,369</b>	Nos.	54,46,675
	<b>Nos.</b>	<b>1,01,64,145</b>	Nos.	1,01,64,145
	<b>Nos.</b>	<b>1,01,64,145</b>	Nos.	1,01,64,145
	<b>Nos.</b>	<b>54,73,369</b>	Nos.	54,46,675
		<b>53.85%</b>		53.59%

- (vi) Rights, preferences and restrictions attached to Equity Shares mentioned above:

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

# Rane (Madras) Limited

## Notes forming part of the financial statements

### Notes 4

#### Reserves and surplus

Rs. Crores

Reserves	Balance as at 31 March 2011	Additions	Deductions	Balance as at 31 March 2012
Capital Reserve	-	0.30	-	0.30
Capital Redemption Reserve	4.50	-	-	4.50
Securities Premium Account	3.57	-	-	3.57
Hedge Reserve Account	0.11	0.11	0.11	0.11
General Reserve	52.75	2.74	-	55.49
<b>Total</b>	60.93	3.15	0.11	63.97

Surplus in Statement of Profit and Loss	As at 31 March 2012 Rs. Crores	As at 31 March 2011 Rs. Crores
Balance as at the beginning of the year	27.49	13.65
Add:		
Profit for the year as per Statement of Profit and Loss	27.40	24.57
Less: Appropriations		
Interim Dividend on Equity Shares @ 55 % (previous year @ 45%)	5.59	4.57
Proposed Final Dividend on Equity Shares @ 40% (previous year @ 25%)	4.06	2.54
Tax on dividends	1.57	1.17
Transfer to General Reserve	2.74	2.45
	13.96	10.73
<b>Balance as at the end of the year</b>	<b>40.93</b>	<b>27.49</b>
<b>Total Reserves and Surplus</b>	<b>104.90</b>	<b>88.42</b>

### Note : 5

#### Long-term borrowings

##### Secured

##### Term Loans:

##### From Banks

Standard Chartered Bank (SCB)

DBS Bank Limited (DBS)

Less: Current maturities of Long Term Debt referred to in Note 11

##### Unsecured

##### Term Loans:

Loan from IDBI Bank Limited

Less: Current maturities of Long Term Debt referred to in Note 11

##### Fixed Deposits :

From Related Parties

From others

Less: Current maturities of Long Term Debt referred to in Note 11

	30.35	18.37
	15.29	15.29
	9.54	4.82
	36.10	28.84
	1.19	1.53
	0.34	0.34
	0.85	1.19
	0.53	0.53
	10.20	11.79
	7.75	2.85
	2.98	9.47
	39.93	39.50

## Notes forming part of the financial statements

### Nature of Security

Long-term loans from SCB and DBS are secured 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.

### Terms of Repayment for secured borrowings:

- SCB - ECB loan availed Rs. 14.45 crores is repayable in 16 equal quarterly instalments commencing from February, 2012 along with interest of 8.85 % per annum. Year end balance is Rs.13.55 crores (previous year Rs. 14.45 crores).
- SCB-ECB loan availed Rs. 16.80 crores is repayable in 16 equal quarterly instalments commencing from December, 2012 along with interest of 7.95% per annum. Year end balance is Rs.16.80 crores (previous year Rs.Nil).
- SCB - ECB loan availed Rs. 13.64 crores is repayable in 16 equal quarterly instalments commencing from April, 2008 along with interest of 3.00 % per annum. Year end balance is Rs. Nil (previous year Rs. 3.92 crores)
- DBS - ECB loan availed Rs. 15.29 crores is repayable in 8 equal half yearly instalments commencing from September, 2012 along with interest of 8.98 % per annum. Year end balance is Rs.15.29 crores (previous year Rs.15.29 crores).

### Terms of Repayment for unsecured borrowings:

- Term Loan from IDBI Bank Limited availed Rs. 1.70 crores is repayable in 20 equal quarterly instalments commencing from October, 2010 along with interest of 14.25 % per annum. Year end balance is Rs. 1.19 crores (previous year Rs.1.53 crores).
- Fixed Deposits are accepted for 2 or 3 years on cumulative/ non - cumulative basis.

**Rs. Crores**

Amounts maturing from Balance Sheet date	As at 31 March 2012	As at 31 March 2011
Within one year	7.75	2.85
After one year and upto two years	1.62	7.95
After two years and upto three years	1.36	1.52
	<b>10.73</b>	12.32

### Rate of Interest

Cumulative/ Non-Cumulative deposit scheme	Interest Payable Quarterly	Interest Payable Quarterly
for 2 Years	9.00%	8.50%
for 3 Years	9.50%	9.00%
0.5% per annum additional interest is paid to employees/retired employees of Rane Group		

# Rane (Madras) Limited

## Notes forming part of the financial statements

	As at 31 March 2012 Rs. Crores	As at 31 March 2011 Rs. Crores
<b>Note : 6</b>		
<b>Deferred Tax Liabilities (Net)</b>		
<b>(i) Liability:</b>		
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	1.05	0.97
(b) Others	9.52	7.49
	10.57	8.46
<b>(ii) Assets:</b>		
Provision for expenses allowable on payment basis	(2.70)	(2.46)
Termination benefit under Voluntary Retirement Scheme	(2.10)	(2.72)
Others	(0.37)	-
	(5.17)	(5.18)
<b>Net Deferred Tax Liability</b>	5.40	3.28
<b>Note : 7</b>		
<b>Other Long term liabilities</b>		
Termination benefit under Voluntary Retirement Scheme	0.60	0.94
	0.60	0.94
<b>Note : 8</b>		
<b>Long term provisions</b>		
Provision for employee benefits :		
Provision for compensated absence	2.20	1.95
Product warranty (Refer Note : 12)	2.06	1.94
	4.26	3.89
<b>Note : 9</b>		
<b>Short-term borrowings</b>		
Secured Loans from Banks *		
Loans repayable on demand	24.62	12.87
Other loans	23.11	17.38
Unsecured Loan from banks	9.38	-
	57.11	30.25

\* Secured loans includes cash credit, packing credit, commercial paper and working capital demand loan from banks and 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.

## Notes forming part of the financial statements

	As at 31 March 2012 Rs. Crores	As at 31 March 2011 Rs. Crores
<b>Note : 10</b>		
<b>Trade payables</b>		
Acceptances	18.15	15.68
Sundry Creditors		
Due to Micro and Small Enterprises	5.12	5.30
Others	58.17	49.90
	63.29	55.20
	81.44	70.88

### Micro and Small Enterprises :

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

The Principal amount and interest due there on remaining unpaid to suppliers under MSMED		
Principal	5.09	4.98
Interest	0.03	0.02
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	22.16	-
Interest	0.41	-
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	-	25.26
Interest	-	0.19
The amount of interest accrued and remaining unpaid at the end of the year [including Rs. Nil (Previous year Rs.0.12 crores) being interest outstanding as at the beginning of the accounting year]	0.03	0.32
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	0.03	0.20

# Rane (Madras) Limited

## Notes forming part of the financial statements

	<b>As at 31 March 2012 Rs. Crores</b>	<b>As at 31 March 2011 Rs. Crores</b>
<b>Note : 11</b>		
<b>Other current liabilities</b>		
Current maturities of Long term debt (Refer Note: 5)	<b>17.63</b>	8.01
Interest accrued but not due on borrowings	<b>1.14</b>	0.97
Unpaid dividend *	<b>0.11</b>	0.08
Unpaid matured deposits and interest accrued thereon *	<b>0.08</b>	0.08
Others :		
Employee benefit payable	<b>2.37</b>	2.65
Commission payable to Chairman	<b>0.37</b>	0.31
Statutory dues including Provident Fund, Exicse Duty and Tax deducted at source	<b>4.21</b>	3.48
Capital creditors	<b>1.90</b>	0.08
Termination benefits towards voluntary retirement scheme	<b>0.40</b>	4.98
Security deposit	<b>0.18</b>	0.18
Tooling advance received from customers	<b>0.07</b>	3.05
	<b>9.50</b>	14.73
	<b>28.46</b>	23.87
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 as at the year end.		
<b>Note : 12</b>		
<b>Short-term provisions</b>		
Provision for employee benefits :		
Provision for compensated absence	<b>0.41</b>	0.49
Provision for gratuity	<b>1.58</b>	1.45
Others		
Product warranty *	<b>2.06</b>	1.75
Proposed dividend on Equity Shares	<b>4.06</b>	2.54
Tax on proposed dividend	<b>0.66</b>	0.42
	<b>6.78</b>	4.71
	<b>8.77</b>	6.65
<b>* Provision for Product Warranty (Also refer Note 8)</b>		
Balance at the beginning of the year	<b>3.69</b>	2.77
Provision made during the year	<b>2.06</b>	1.94
Provision used against claims settled during the year	<b>1.63</b>	1.02
Balance at the end of the year	<b>4.12</b>	3.69

# Rane (Madras) Limited

## Notes forming part of the financial statements

Note : 13

### Fixed Assets

Description	Gross Block						Depreciation / Amortisation					Net Block	
	Cost as at 31 Mar 2011	Additions	Adjustments during the year		Deletions/ Adjustments	Cost as at 31 Mar 2012	Upto 31 Mar 2011	Other Adjustments*	For the year	On Deletions	As at 31 Mar 2012	As at 31 Mar 2011	Rs. Crores
			Exchange Difference (Ref. Note 1.8)	Other Adjustment *									
<b>(i) Tangible Assets</b>													
Land - Freehold	14.56	0.03	-	-	-	14.59	-	-	-	-	14.59	14.56	
Land - Leasehold	0.71	-	0.01	-	-	0.72	0.03	0.01	-	0.04	0.68	0.68	
Leasehold Land Development Costs	0.77	-	-	-	-	0.77	0.23	0.08	-	0.31	0.46	0.54	
Buildings	16.46	13.49	0.04	-	-	29.99	4.03	0.73	-	4.76	25.23	12.43	
Plant and Machinery	156.37	36.44	0.16	6.62	2.53	197.06	88.17	11.88	2.49	100.45	96.61	68.20	
Furniture and Fixtures	3.15	0.60	-	-	0.07	3.68	2.47	0.44	0.06	2.85	0.83	0.68	
Vehicles	0.70	0.29	-	-	0.03	0.96	0.44	0.10	0.02	0.52	0.44	0.26	
Office Equipment	7.64	1.10	-	-	0.04	8.70	6.88	0.57	0.04	7.41	1.29	0.76	
<b>Total</b>	200.36	51.95	0.21	6.62	2.67	256.47	102.25	2.89	13.81	116.34	140.13	98.11	
Previous year	161.77	41.24	(0.08)	-	2.57	200.36	95.35	-	9.34	102.25	-	-	

<b>(ii) Intangible Assets</b>													
Licence	2.68	0.13	-	-	-	2.81	2.68	-	0.03	-	2.71	0.10	-
<b>Total</b>	2.68	0.13	-	-	-	2.81	2.68	-	0.03	-	2.71	0.10	-
Previous year	2.68	-	-	-	-	2.68	2.68	-	-	2.68	-	-	

<b>Total Tangible and Intangible assets</b>	203.04	52.08	0.21	6.62	2.67	259.28	104.93	2.89	13.84	2.61	119.05	140.23	98.11
Previous year	164.45	41.24	(0.08)	-	2.57	203.04	98.03	-	9.34	2.44	104.93	-	-

### (iii) Capital work-in-progress

<b>Total</b>													
												12.24	9.90
												152.47	108.01

\* Represents cost of capital tooling which upto the previous year were included under inventory.

# Rane (Madras) Limited

## Notes forming part of the financial statements

	As at 31 March 2012 Rs. Crores	As at 31 March 2011 Rs. Crores
<b>Note : 14</b>		
<b>Long Term Loans and Advances</b>		
<b>(Unsecured considered good)</b>		
Capital Advances	3.74	14.37
Security deposits	1.17	0.86
Claims receivable	0.90	1.17
	<b>5.81</b>	<b>16.40</b>
<b>Note : 15</b>		
<b>Inventories</b>		
<b>Valued at Lower of Cost and Net Realisable value</b>		
Raw Materials and Components [includes Goods-in-transit Rs.0.28 crores (Previous year Rs.0.21 crores)] *	13.74	14.73
Work-in-Progress *	13.50	11.02
Finished Goods *	20.86	14.78
Stores and Spares	5.84	5.94
Tools	-	6.00
	<b>53.94</b>	<b>52.47</b>
* Refer Note: 31		
<b>Note : 16</b>		
<b>Trade Receivables</b>		
<b>Unsecured</b>		
Outstanding for a period of more than six months from due date of payment		
Considered doubtful	0.50	0.56
Provision for doubtful receivables	0.50	0.56
	-	-
Other debts :		
Considered good	110.42	81.27
Considered doubtful	0.63	0.35
Less:- Provision for Doubtful receivables	0.63	0.35
	-	-
	<b>110.42</b>	<b>81.27</b>
<b>Note : 17</b>		
<b>Cash and Bank balances</b>		
Cash and Cash equivalent		
Cash on hand	0.05	0.02
Bank balance in current accounts	0.93	5.35
	<b>0.98</b>	<b>5.37</b>
Other bank balances		
Capital Gain scheme account	0.01	0.01
Deposit account	0.43	0.30
Unpaid Dividend accounts	0.11	0.08
Interest warrant accounts	0.05	0.08
	<b>0.60</b>	<b>0.47</b>
	<b>1.58</b>	<b>5.84</b>

## Notes forming part of the financial statements

### Note : 18

#### Short term loans and advances

##### Unsecured, considered good

	As at 31 March 2012 Rs. Crores	As at 31 March 2011 Rs. Crores
Interest free loan to Related party (Rane Foundation)	0.75	0.50
Advance Income Tax [Net of Provision for current tax Rs.39.28 crores (Previous year Rs.31.63 crores)]	7.29	5.76
Advance Fringe Benefits Tax [Net of Provision Rs.1.75 crores (Previous year Rs.1.75 crores)]	*	*
Prepaid expenses	1.11	1.09
Claims receivable	0.07	0.21
Cenvat receivable	1.99	2.41
Export Entitlements	1.40	1.28
Advance to suppliers	2.41	0.63
Loan to employees	0.19	0.25
Deposit with Government authorities	0.92	0.90
Other Deposits	0.17	0.18
Balance with Excise	0.31	0.47
	<b>16.61</b>	<b>13.68</b>

\*Amount is below the rounding off norm adopted by the Company

### Note : 19

#### Other current assets

Interest accrued on Deposits	0.09	0.06
Derivative Assets	0.11	0.11
	<b>0.20</b>	<b>0.17</b>

### Note : 20

#### Revenue from Operations

	Year ended 31 March 2012 Rs. Crores	Year ended 31 March 2011 Rs. Crores
Sale of Products *	715.56	621.29
Less : Excise Duty	58.34	46.91
Net Sale of Products	<b>657.22</b>	574.38
Other operating revenues :		
Sale of Scrap	10.54	7.55
Less : Excise Duty	0.88	0.65
	<b>9.66</b>	6.90
Sale of raw materials	2.65	2.98
Less : Excise Duty	0.24	0.28
	<b>2.41</b>	2.70
Net other operating revenues	<b>12.07</b>	9.60
	<b>669.29</b>	<b>583.98</b>

\* Refer Note: 33

# Rane (Madras) Limited

## Notes forming part of the financial statements

### Note : 21

#### Other Income

	Year ended 31 March 2012 Rs. Crores	Year ended 31 March 2011 Rs. Crores
Interest Income - on deposits	0.24	0.11
- on Supplier payments	0.50	0.35
	<u>0.74</u>	0.46
Net gain on foreign currency transactions/translation	1.20	-
Export entitlement	0.43	-
Profit on sale of fixed assets (Net)	0.19	0.25
Liabilities no longer required written back	0.21	0.35
Amenities income	0.02	0.02
Tooling Income	1.03	0.40
	<u>1.45</u>	1.02
	<u>3.82</u>	<u>1.48</u>

### Note : 22

#### Cost of Materials consumed

Raw materials and Components consumed * @	418.48	354.48
Freight inward	7.54	7.96
Job work expenses	20.93	20.11
	<u>446.95</u>	<u>382.55</u>
	2.87	3.11

\* includes cost of raw materials and components sold

@ Refer Note: 34

### Note : 23

#### Changes in inventories of finished goods and work-in-progress

Opening Stock :		
Work-in-progress	11.02	7.58
Finished Goods	14.78	17.34
	<u>25.80</u>	<u>24.92</u>
Less :		
Work-in-progress	13.50	11.02
Finished Goods	20.86	14.78
	<u>34.36</u>	<u>25.80</u>
	(8.56)	(0.88)
Excise Duty on Closing Stock of Finished Goods	2.44	1.58
Less : Excise Duty on Opening Stock of Finished Goods	1.58	1.13
	<u>0.86</u>	0.45
	<u>(7.70)</u>	<u>(0.43)</u>

### Note : 24

#### Employee benefit expenses

Salaries and Wages	51.03	43.75
Contributions to:		
Provident Fund	2.55	2.28
Superannuation Fund	0.55	0.52
Gratuity Fund	0.83	1.02
	<u>3.93</u>	3.82
Staff Welfare Expenses	8.37	6.95
	<u>63.33</u>	<u>54.52</u>

## Notes forming part of the financial statements

### Employee Benefit-Gratuity

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/incapacitation/ termination etc. Also refer Note 1. 10(b) (iii) for accounting policy relating to gratuity.

Following are the further particulars relating to gratuity

Rs. Crores

	2011-12	2010-11	2009-10	2008-09	2007-08
<b>I Reconciliation of opening and closing balances of the present value of the Defined benefit obligation</b>					
Present value of obligation as at the beginning of the year	9.92	8.69	7.95	6.82	5.87
Interest cost	0.72	0.70	0.56	0.50	0.46
Current service cost	0.61	0.55	0.56	0.44	0.43
(Benefits paid)	(2.15)	(0.48)	(0.49)	(1.16)	(0.35)
Actuarial loss	0.16	0.46	0.11	1.35	0.41
<b>Present value of obligation as at the end of the year</b>	<b>9.26</b>	<b>9.92</b>	<b>8.69</b>	<b>7.95</b>	<b>6.82</b>
<b>II Reconciliation of opening and closing balances of the Fair value of the plan assets</b>					
Fair value of plan assets at the beginning of the year	8.47	7.58	6.69	6.49	4.95
Expected return on plan assets	0.73	0.71	0.64	0.51	0.44
Contributions	0.70	0.68	0.77	0.80	1.38
(Benefits paid)	(2.15)	(0.48)	(0.49)	(1.16)	(0.35)
Actuarial gain / (loss)	(0.07)	(0.02)	(0.03)	0.05	0.07
<b>Fair value of plan assets at the end of the year</b>	<b>7.68</b>	<b>8.47</b>	<b>7.58</b>	<b>6.69</b>	<b>6.49</b>
<b>III Reconciliation of present value of Defined Benefit Obligation in 'I' above and fair value of plan assets in 'II' above</b>					
Present value of the obligation at the end of the year	9.26	9.92	8.69	7.95	6.82
Fair value of plan assets at the end of the year	7.68	8.47	7.58	6.69	6.49
<b>Liability recognised in the balance sheet</b>	<b>1.58</b>	<b>1.45</b>	<b>1.11</b>	<b>1.26</b>	<b>0.33</b>
<b>IV Expense Charged to Profit &amp; Loss Account</b>					
Current service cost	0.61	0.55	0.56	0.44	0.43
Interest cost	0.72	0.70	0.56	0.50	0.46
(Expected return on plan assets)	(0.73)	(0.71)	(0.64)	(0.51)	(0.44)
Actuarial loss	0.23	0.48	0.14	1.30	0.34
<b>Expense recognised in the statement of profit and loss*</b>	<b>0.83</b>	<b>1.02</b>	<b>0.62</b>	<b>1.73</b>	<b>0.79</b>
* Included in 'Contribution to provident fund and other funds' / 'contribution to gratuity fund' under Employee Costs of respective years.					
<b>V Percentage of each category of Plan assets to total Fair Value of Plan Assets</b>	<b>Fund with Life Insurance Corporation of India</b>				
<b>VI Actual return on Plan Assets</b>	0.66	0.69	0.61	0.56	0.51
<b>VII Principal Actuarial Assumptions at Balance Sheet date</b>					
Discount rate	8.60%	8.10%	8.30%	7.30%	8.00%
Expected rate of salary increase					
Executives and staff	7.5%	—	—	—	—
Operators	6%	7.14%	6.60%	7.50%	6%-11%
Expected rate of return on plan assets	9.40%	9.40%	9.30%	9.30%	8.00%
Attrition rate					
Executives and staff	8%	—	—	—	—
Operators	3%	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.

# Rane (Madras) Limited

## Notes forming part of the financial statements

	Year ended 31 March 2012 Rs. Crores	Year ended 31 March 2011 Rs. Crores
<b>Note : 25</b>		
<b>Finance costs</b>		
Interest expense on		
- Borrowings from Banks	9.37	4.00
- Fixed Deposits (*)	1.12	1.30
- Others	0.38	0.27
	<b>10.87</b>	5.57
Other borrowing costs	0.91	0.16
	<b>11.78</b>	5.73
* include interest paid/payable to Directors	0.02	0.02
<b>Note : 26</b>		
<b>Other expenses</b>		
Stores, Spares and Tools consumed	22.60	23.06
Packing materials consumed	12.85	10.86
Power and Fuel	11.92	10.29
Repairs and Maintenance :		
Buildings	2.06	1.71
Plant and Machinery	4.82	3.82
Others	3.43	3.17
	<b>10.31</b>	8.70
Rent	0.02	0.03
Insurance	1.46	1.31
Rates and Taxes	0.46	0.72
Travelling and Conveyance	4.28	3.59
Professional Charges	4.21	3.64
Royalty and Technical Fees	0.98	0.88
Information Systems	3.67	2.53
Commission to Chairman	0.37	0.31
Freight Outward	11.87	13.67
Advertisement and Sales Promotion	3.43	2.67
Discount and Incentive	7.60	5.09
Sales Commission	0.47	0.60
Product Warranty	2.06	1.94
Trade Mark	3.50	3.03
Provision for Bad and Doubtful debts	0.22	0.32
Directors' Sitting Fees	0.07	0.06
Payment to auditors as auditors		
Statutory Audit Fee	0.15	0.15
Tax Audit Fee	0.03	0.03
Limited Review Fee	0.05	0.05
Certification Fee	0.04	-
Reimbursement of expenses	*	*
	<b>0.27</b>	0.23
Net loss on foreign currency transactions/translations	-	0.08
Miscellaneous Expenses	4.93	4.82
	<b>107.55</b>	98.43

\*Amount is below the rounding off norm adopted by the Company

## Notes forming part of the financial statements

### Note : 27

<b>Related Party Disclosures</b>	<b>2011-12</b>	<b>2010-11</b>
(a) List of related parties where control exists Holding Company	Rane Holdings Limited (RHL)	Rane Holdings Limited (RHL)
(b) Key Management Personnel	Harish Lakshman-Manager under the Companies Act, 1956 L Ganesh, Chairman	Harish Lakshman-Manager under the Companies Act, 1956 L Ganesh, Chairman
(c) Relative of KMP	Malavika Lakshman L Lakshman (including L Lakshman HUF) Pushpa Lakshman Vanaja Aghoram Shanthy Narayan Aditya Ganesh	Malavika Lakshman L Lakshman (including L Lakshman HUF) Pushpa Lakshman Vanaja Aghoram Shanthy Narayan Aditya Ganesh
(d) Enterprises over which KMP can exercise significant influence	Rane TRW Steering Systems Limited (RTSSL) Rane Foundation Rane Holdings America Inc. (RHAI)	Rane TRW Steering Systems Limited (RTSSL) Rane Foundation Kar Mobiles Limited (KML)
(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)	Rane Engine Valve Limited (REVL) Rane Diecast Limited (RDL)

**Rs. Crores**

Description	Holding Company		Key Management Personnel (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Other related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	<b>Transaction during the year</b>											
Professional Charges	2.32	1.93	-	-	-	-	-	0.12	-	0.09	2.32	2.14
Professional Charges - RTSSL	-	-	-	-	-	-	-	0.12	-	-	-	0.12
Professional Charges - REVL	-	-	-	-	-	-	-	-	0.09	0.09	0.09	0.09
Software Expenses	3.17	2.29	-	-	-	-	-	-	-	-	3.17	2.29
Training Expenses	0.51	0.46	-	-	-	-	-	-	-	-	0.51	0.46
Salaries - Mr Aditya Ganesh	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Miscellaneous Expenses	0.85	0.75	-	-	-	-	-	-	-	-	0.85	0.75
Trademark Fee	3.81	3.30	-	-	-	-	-	-	-	-	3.81	3.30
Sales Promotion Expenses reimbursed - RDL	-	-	-	-	-	-	-	-	*	-	*	-
Sales Promotion Expenses - RBL	-	-	-	-	-	-	-	-	0.05	-	0.05	-
Sales Promotion Expenses - RHAI	-	-	-	-	-	-	0.27	-	-	-	0.27	-
Purchases - RTSSL	-	-	-	-	-	-	0.12	0.06	-	-	0.12	0.06
Sales - RTSSL	-	-	-	-	-	-	37.28	35.12	-	-	37.28	35.12
Donation - Rane Foundation	-	-	-	-	-	-	0.40	0.30	-	-	0.40	0.30
Interest free Loan - Rane Foundation	-	-	-	-	-	-	0.25	0.50	-	-	0.25	0.50
Commission to Chairman	-	-	0.37	0.31	-	-	-	-	-	-	0.37	0.31
Sitting fees - Mr Harish Lakshman	-	-	0.01	0.01	-	-	-	-	-	-	0.01	0.01
Interest paid on Fixed Deposits	-	-	0.01	0.01	0.05	0.04	-	-	-	-	0.06	0.05
Fixed Deposits accepted / (repaid)	-	-	-	-	0.06 (0.06)	0.29	-	-	-	-	0.06 (0.06)	0.29
<b>Balance as at year end</b>												
Fixed Deposits outstanding	-	-	0.07	0.07	0.46	0.46	-	-	-	-	0.53	0.53
Payables	0.07	0.81	0.37	0.31	-	-	0.01	0.12	-	0.02	0.45	1.26
Receivables	-	-	-	-	-	-	6.48	4.47	*	-	6.48	4.47
Interest free Loan - Rane Foundation	-	-	-	-	-	-	0.75	0.50	-	-	0.75	0.50

# Rane (Madras) Limited

## Notes forming part of the financial statements

### Details of Related Party transactions :

Description	Holding Company		Key Management Personnel (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Other related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Interest paid on Fixed Deposits</b>												
Mr L Ganesh	-	-	0.01	0.01	-	-	-	-	-	-	0.01	0.01
Mr Harish Lakshman	-	-	*	*	-	-	-	-	-	-	*	*
Mr L Lakshman	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Mrs Pushpa Lakshman	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Mrs Vanaja Aghoram	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Mrs Shanthi Narayan	-	-	-	-	0.02	0.01	-	-	-	-	0.02	0.01
Mr Lakshman L HUF	-	-	-	-	*	*	-	-	-	-	*	*
<b>Fixed Deposits accepted / (repaid)</b>												
Mr L Lakshman	-	-	-	-	0.05 (0.05)	0.04	-	-	-	-	0.05 (0.05)	0.04
Mrs Pushpa Lakshman	-	-	-	-	0.01 (0.01)	0.10	-	-	-	-	0.01 (0.01)	0.10
Mrs Shanthi Narayan	-	-	-	-	-	0.15	-	-	-	-	-	0.15
<b>Fixed Deposits outstanding</b>												
Mr L Ganesh	-	-	0.05	0.05	-	-	-	-	-	-	0.05	0.05
Mr Harish Lakshman	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Mr L Lakshman	-	-	-	-	0.12	0.12	-	-	-	-	0.12	0.12
Mrs Pushpa Lakshman	-	-	-	-	0.12	0.12	-	-	-	-	0.12	0.12
Mrs Vanaja Aghoram	-	-	-	-	0.05	0.05	-	-	-	-	0.05	0.05
Mrs Shanthi Narayan	-	-	-	-	0.15	0.15	-	-	-	-	0.15	0.15
Mr L Lakshman - HUF	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
<b>Payables</b>												
Mr L Ganesh	-	-	0.37	0.31	-	-	-	-	-	-	0.37	0.31
RTSSL	-	-	-	-	-	-	0.01	0.12	-	-	0.01	0.12
REVL	-	-	-	-	-	-	-	-	-	0.02	-	0.02
RDL	-	-	-	-	-	-	-	-	-	*	-	*
<b>Receivables</b>												
RTSSL	-	-	-	-	-	-	6.48	4.47	-	-	6.48	4.47
REVL	-	-	-	-	-	-	-	-	*	-	*	-
KML	-	-	-	-	-	-	-	*	-	-	-	*

\*Amount is below the rounding off norm adopted by the Company

## Notes forming part of the financial statements

	As at 31 March 2012 Rs. Crores	As at 31 March 2011 Rs. Crores
<b>Note : 28</b>		
<b>Contingent Liabilities, Guarantees and Commitment</b>		
<b>Contingent Liabilities</b>		
Claims against the company not acknowledged as debts:		
Income Tax matters under appeal by the Company	17.93	13.19
Central Excise and Service Tax matters under appeal by the company	0.22	0.22
Labour related matters under appeal by the Company	1.23	1.23
Corporate Licence fee under appeal by the Company	0.11	0.11
Suit filed by freight vendor	-	0.01
Total	19.49	14.76
Others		
Income Tax matters under appeal by the Department	0.31	0.31
	19.80	15.07
<b>Commitment</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advance Rs. 3.74 crores (previous year Rs.14.37 crores)]	7.75	13.94
	27.55	29.01
<b>Note : 29</b>		
<b>The final dividend proposed for the year is as follows:</b>		
On Equity Shares of Rs.10 each		
Amount of dividend proposed	4.06	2.54
Dividend per equity share	Rs.4.00 per share	Rs. 2.50 per share
<b>Note : 30</b>		
<b>Earnings Per Share</b>		
Profit after Tax (Rs. Crores) (A)	27.40	24.57
Number of equity shares of Rs.10 each at the beginning of the year	1,01,64,145	1,01,64,145
Number of equity shares of Rs.10 each at the end of the year	1,01,64,145	1,01,64,145
Weighted average number of equity shares of Rs.10 each outstanding during the year (B)	1, 01,64,145	1,01,64,145
Earnings per share (Basic and Diluted) - in Rupees (A/B)	26.95	24.18
<b>Note : 31</b>		
<b>Particulars of Closing Inventories of Raw Materials, Work-in-Progress and Finished Goods</b>		
<b>Raw Materials and components</b>		
Steel Forgings	1.37	3.07
Castings	0.51	0.51
Steel Tubes	3.16	4.51
Others (individually less than 10% of the total raw materials and components inventory)	8.70	6.64
	13.74	14.73
<b>Work-in-progress</b>		
Steering and Suspension Linkage Products	8.36	6.89
Steering Gear Products	5.14	4.13
	13.50	11.02
<b>Finished goods</b>		
Steering and Suspension Linkage Products	14.40	9.87
Steering Gear Products	6.46	4.91
	20.86	14.78

# Rane (Madras) Limited

## Notes forming part of the financial statements

### Note : 32

#### 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 different risks and returns.

### Note : 33

#### Details of sale of Products:

	Year ended 31 March 2012 Rs. Crores	Year ended 31 March 2011 Rs. Crores
Steering and Suspension Linkage Products	383.20	349.11
Steering Gear Products	332.36	272.18
	<b>715.56</b>	<b>621.29</b>

### Note : 34

#### Details for Raw Materials and components consumed

Steel Forgings	140.10	119.95
Castings	40.23	29.62
Steel Tubes	57.22	48.47
Others (individually less than 10% of the total consumption)	178.06	153.33
	<b>415.61</b>	<b>351.37</b>
Imported	4.79% 19.90	3.98% 14.00
Indigenous	95.21% 395.71	96.02% 337.37
	<b>100.00% 415.61</b>	<b>100.00% 351.37</b>

### Note : 35

#### Stores, Spares and Tools consumed\*

Imported	3.79% 0.87	2.38% 0.57
Indigenous	96.21% 22.07	97.62% 23.37
	<b>100.00% 22.94</b>	<b>100.00% 23.94</b>

\* Includes Rs. 0.34 crores (Previous year Rs. 0.88 crores) included under Repairs and Maintenance in Note 26

### Note : 36

#### Value of Imports calculated on CIF basis

Raw materials	12.17	9.30
Components	10.40	8.43
Stores & Spares	0.73	1.06
Capital goods	2.68	1.52

### Note : 37

#### Research and Development cost

Capital expenditure	1.08	0.57
Revenue expenditure	3.62	3.43

## Notes forming part of the financial statements

### Note : 38

#### Expenditure in foreign currency

	Year ended 31 March 2012 Rs. Crores	Year ended 31 March 2011 Rs. Crores
Traveling expenses	0.13	0.42
Commission	0.41	0.39
Warehousing and Sorting	0.05	0.60
Sales promotion expenses	0.27	-
Interest	0.04	-
Others	0.11	0.34

### Note : 39

#### Earnings in foreign exchange

FOB Value of Exports	74.64	89.00
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### Note : 40

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

### Signature to Note 1 to 40

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

**(Pinaki Chowdhury)**  
Partner  
Membership Number: 057572

Chennai  
May 22, 2012

**K S KASTURIRANGAN**  
Secretary

**HARISH LAKSHMAN**  
Director

**L LAKSHMAN**  
Director

For and on behalf of the Board

**L GANESH**  
Chairman

# Rane (Madras) Limited

## FINANCIAL HIGHLIGHTS

### SUMMARY OF RESULTS

Year	Income	Earnings before Interest, Tax, Depreciation and Amortisation	Profit Before Tax	Profit After Tax	Profit after Tax and Dividends	Dividend %	Reserves & Surplus	Equity Share Capital	Earnings per Share
							Rs. Crores	Rs. Crores	Rs.
2007-08	350.82	11.55	46.74	36.60	29.31	60	63.13	10.16	35.86
2008-09	353.16	18.55	1.20	0.36	0.36	–	60.92	10.16	0.36
2009-10	420.68	33.72	20.04	13.81	8.46	45	72.29	10.16	13.59
2010-11	585.46	44.42	30.83	24.57	16.29	70	88.42	10.16	24.18
<b>2011-12</b>	<b>673.11</b>	<b>58.97</b>	<b>37.17</b>	<b>27.40</b>	<b>16.18</b>	<b>95</b>	<b>104.90</b>	<b>10.16</b>	<b>26.95</b>

### BALANCE SHEET SUMMARY

(Rs. Crores)

Year ended 31 March	2012	2011	2010	2009	2008
Gross Fixed Assets	<b>275.26</b>	227.31	170.94	160.76	147.03
Depreciation	<b>119.05</b>	104.93	98.03	88.99	80.60
Net Fixed Assets	<b>156.21</b>	122.38	72.91	71.77	66.43
Other assets	<b>184.82</b>	155.46	128.59	117.88	106.84
Total Assets	<b>341.03</b>	277.84	201.50	189.65	173.27
Borrowings	<b>114.67</b>	77.76	38.70	59.52	36.48
Deferred Tax Liability	<b>5.40</b>	3.28	4.46	4.30	4.27
Other liabilities	<b>105.90</b>	98.22	75.89	54.74	59.23
Total Liabilities	<b>225.97</b>	179.26	119.05	118.56	99.98
Net Worth	<b>115.06</b>	98.58	82.45	71.09	73.29
Capital Employed	<b>192.10</b>	139.65	126.33	122.98	111.53
Return on Capital Employed (ROCE)	<b>23.49%</b>	25.12%	18.85%	7.07%	2.40%
Represented by :	<b>10.16</b>	10.16	10.16	10.16	10.16
Equity Share Capital	<b>104.90</b>	88.42	72.29	60.92	63.13
Reserves & Surplus					
<b>Net Worth per Equity Share of Rs.10 each</b> <b>Rs.</b>	<b>113.20</b>	96.99	81.12	69.94	72.11