

Poised for growth

Rane Holdings Limited | Annual Report 2009-10



Rane Holdings Limited

Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. The report and other statements, written and oral, that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words like 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and the underlying assumptions undergoing change. Should known or unknown risks or uncertainties materialise, or should underlying assumptions not materialise, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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When the global slowdown happened in 2008, most companies responded by seeking growth from the outside.

Rane Group looked within to sharpen its competencies instead.

Training people. Refining processes. Strengthening efficiencies.

Now that the global and Indian economies are both reviving, the principal message we want to send out to our stakeholders is simple.

Rane Group is poised for growth.

Our visiting card



Background

- Founded in 1929 to cater to automobile and spare parts distribution
- Diversified into auto-component manufacture in 1959
- Consolidated into Rane Holdings Limited in 2008 (parent company to Group companies - Rane (Madras) Limited, Rane Engine Valve Limited, Rane Brake Lining Limited, Rane Diecast Limited, Kar Mobiles Limited and Joint Ventures - Rane TRW Steering Systems Limited and Rane NSK Steering Systems Limited)
- Promoters' stake of 42.90% in the Company's equity as on 31st March 2010

Location

- Pan-India presence with 25 manufacturing facilities across seven states; manufacturing plants located in Chennai, Trichy, Hyderabad, Bangalore, Puducherry, Mysore, Bawal, Pantnagar and Sanand.
- Headquartered in Chennai, India
- Listed on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd

Products

- Driven by a philosophy of continuous improvement and specialisation in automotive component design and manufacture
- Diverse product portfolio of steering gear products (manual and power steering gear), steering linkage products, engine valves, friction material products (brake lining, disc pad and clutch facing) and occupant-restraint products (seat belts)

Market presence

- Globally benchmarked technological capabilities and continuous quality improvement reinforce domestic and global footprint
- Marketing network comprises dedicated marketing teams for domestic and export markets. The Group exports more than 11% of its manufactured products
- Enduring product supply relationships with 55 OEM customers in India; products offered to 124 customers in 32 countries

Technology

- Leveraged technology alliances with renowned auto industry players:
 - TRW Automotive US LLC (the US),
 - NSK Ltd. (Japan) and
 - Nisshinbo Brakes Inc. (Japan)
- Strengthened competencies through internationally benchmarked technology transfer agreements and continuous training

Clientele

- Reputed international companies like Case New Holland (the UK), Deutz and Volkswagen (Germany), GM Electromotive Division and John Deere (the US), among others
- Brand-enhancing Indian clients include Ashok Leyland, Eicher, Escorts, Force Motors, FIAT, Ford, Hero Honda, Hindustan Motors, Honda, Hyundai, Mahindra, Maruti Suzuki, Renault, Swaraj Mazda, TAFE, TATA, Toyota, TVS and Yamaha, among others

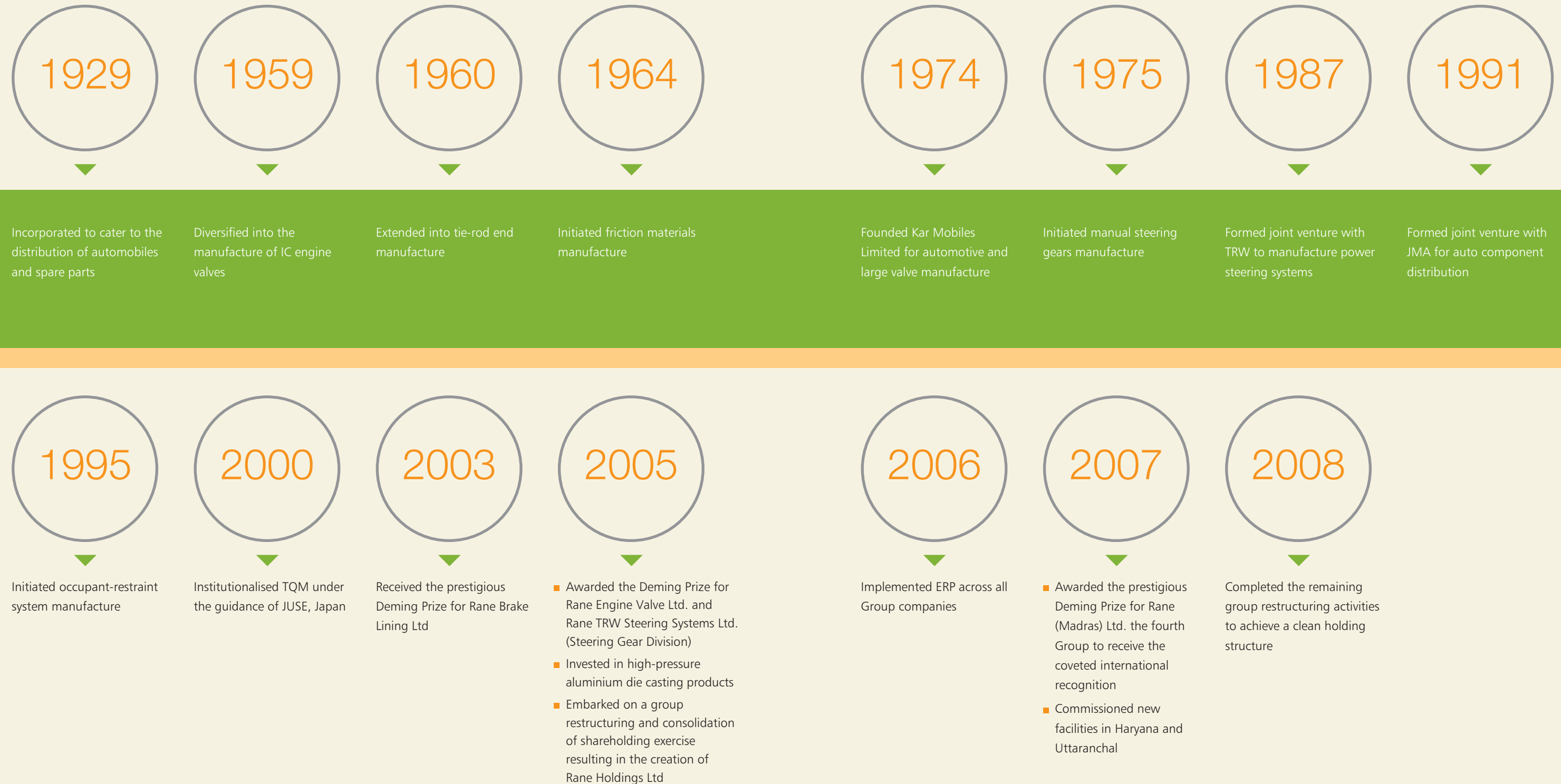
Performance

- Achieved a compounded five-year topline growth of 9%

Awards, 2009-10

- Awarded the ISO 27001 ISMS certification by TUV for information technology
- Received the Tata Motors Gold Award for 'Excellence in Cost Efficiency'
- Won the Ashok Leyland Best Supplier Award
- Received an award for warranty improvement from Maruti Suzuki India Ltd
- Conferred the award for outstanding performance from Mahindra & Mahindra, FES
- Recognised as the 'Best Cost Improved Supplier' from Toyota Kirloskar Motor Ltd.
- Received the Kaizen award from Maruti Suzuki India Ltd.
- Received the Award for Technology Upgradation from Brakes India (for 2008-09)

Milestones



“The Rane Group is attractively placed to capitalise on the auto industry rebound optimism.”

From the desk of **Mr. L Lakshman**, Executive Chairman, Rane Holdings Limited

Were you pleased with the performance of the Rane Group during the year under review?

We were pleased with the Group's performance in 2009-10 for reasons of volume and value. While our topline grew a significant 21% to Rs 17,277 million, our EBIDTA margin grew 63% and our post-tax profit rose 205% to Rs 770 million.

This increase in turnover was catalysed by a demand recovery across all of India's automotive segments as well as a correspondingly steady revival in automotive components demand. As a progressive organisation, we leveraged this volume increase with productivity enhancement and cost-control, resulting in superior numbers.

How did the Indian automobile industry perform in 2009-10?

Even though the Indian automotive component industry has been in existence for a number of decades, we consider its prospects to be sunrise or nascent for a number of reasons. From a low-key component supplier to the country's automobile market, the country's component industry is now recognised as a key auto component outsourcing destination and a significant player in the global automotive supply chain. Going ahead,

the industry is likely to report a compounded annual growth rate (CAGR) of 11% in the 2008-15 period, leading to probable industry revenues of US\$40 billion by 2015-16.

Why is India emerging as a preferred global automobile and automotive component outsourcing destination?

According to the Investment Commission of India, India is among the world's most competitive auto component manufacturers for good reasons:

- Substantial production cost advantage over overseas locations
- World-class design, engineering and technical skills
- Respect for and compliance with demanding quality systems
- Abundant indigenous availability of various inputs, resources and raw materials
- Adaptability to emerging technologies

Automobile manufacturers (GM, Ford and Toyota, among others) and auto component manufacturers have established International Purchasing Offices in India to source material for their global operations.

How is the Rane Group addressing this encouraging reality?

Rane Group is attractively placed to capitalise on this industry optimism by leveraging its longstanding business presence, scale, market share, reputation and competitiveness. Rane Group is a dominant player in its products across segments. Rane Group is also the preferred supplier to most OEMs in India.

Also, leveraging the country's attractiveness in terms of a rising domestic demand for passenger cars and farm equipment, the Rane Group has progressively shifted from a dependence on few fast-moving products to a healthy mix of revenues across consumer profiles and applications. The Group's turnover comprised 72% from OEMs, 17% from the replacement segment and 11% from exports.

Over the years, Rane Group progressively derisked its business through proactive investments in people, plants and processes. The Group diversified from mere product manufacture to product co-development while shrinking the mind-to-market cycle. The Group selected to co-locate capacities to provide

components just-in-time, resulting in enhanced customer convenience. The Group widened product lines in anticipation of market and customer growth, resulting in anytime product availability. The Group recruited, trained and retained effectively, resulting in a rich accretion of intellectual capital.

What initiatives sustained Rane Group's growth in 2009-10?

Even as 2009-10 started hesitantly with consumers – and hence companies – preferring to wait and watch, we utilised the opportunity to look within and improve our efficiency through the following initiatives:

- **Value analysis or Value engineering (VA/VE):** This initiative helped us address customer expectations and enhance profitability through procedural decision-making. This differentiated approach helped us deliver alternatives to customers with the greatest holistic value as opposed to mere cost reduction.
- **Brand strengthening:** We enhanced our visibility through participation in fairs (domestic and international), features and advertisements in trade magazines, sponsorship of ACMA events, media exposure of the Rane Group senior management and an overhaul of the Rane website.
- **Training:** This initiative was conducted in Rane Group's corporate university, introducing managers to emerging disciplines like reliability engineering, multiple regression analysis and lean production systems, among others. We customised a curriculum called RAMP (Rane

Advanced Management Program) around business management. We strengthened our training initiatives by working closely with universities and business schools.

These initiatives yielded desired results and even as the external environment weakened, Rane Group emerged stronger.

What corporate decisions in 2009-10 strengthened Rane Group's working?

Rane Group strengthened its customer relationships through the introduction of new production capacities:

- Rane TRW Steering Systems Limited (RTSSL) commissioned its fifth Indian plant at Pantnagar (Uttarakhand) in March, 2010. RTSSL invested Rs. 140 million in this world-class facility to manufacture power steering gears (80,000 per annum) and pumps (50,000 per annum) for Ashok Leyland's heavy and medium commercial vehicles and Tata Motors' Tata Ace model.
- Rane Engine Valve Limited commissioned a dedicated engine valves line for Hyundai in its Trichy plant starting February, 2010. REVL also commissioned a dedicated engine valves manufacturing line for Mahindra & Mahindra in March, 2010. Following the introduction of lean manufacturing practices, the valve manufacturing line for Mahindra & Mahindra's farm equipment models reported an 18% productivity improvement, 80% inventory reduction, 50% space reduction and 200% material travel distance reduction.

Rane Group also strengthened its product mix through the introduction of the following products during the year under review:

- Tilt and telescopic steering column for heavy commercial vehicles
- Direct pull retractor seat belt
- Pre-tensioner and ALR seat belts (production increased in 2009-10)

How did Rane Group strengthen its international presence?

Even though the international markets were tentative, Rane Group entered new geographies and added the following customers during the year under review: Renault in Romania, Piaggio in Italy, Polaris Industries in the US, Benteler Automotive in Brazil, Volkswagen in Brazil and Poland, Cummins in the US, Audi in Hungary, Nissan in Mexico, Ideal Freins in Tunisia, Gung Lun in Taiwan and Al Rowad in Egypt.

Where does India's automobile industry go from here?

The Indian automobile industry is expected to grow 12-15% year-on-year over the next few years, higher than the global average. This growth is expected to sustain for an important reason: India's car ownership of about seven vehicles per thousand heads of population will grow in line with a rise in disposable incomes, relatively poor public transportation system and per capita benchmarks already achieved in peer countries (China 22 vehicles per 1,000 population). Besides, economic growth and investments in the country's public transport infrastructure will catalyse the growth of its bus and truck industry.

Highlights, 2009-10

However, this optimism comes with challenges. Although the Indian market is perceived as unique by most OEMs, there is a growing incidence of the consumer demanding 'more for less', which in turn, is prioritising the need for low-cost design without corresponding performance compromises. Besides, the industry needs to address the threat of cheaper imports from China, exchange rate movements, commodity price volatility and tightening emission norms.

How will these challenges play out for the country's auto component industry in general and Rane Group in particular?

India's auto-component sector needs an estimated US\$1.5 billion a year in new investments for at least eight straight years to address the growing demand for auto-components and 'product-cum- process technology'. Considering that not all of this will be provided for from within the country, the government undertook various initiatives to promote foreign direct investment (FDI) like the following:

- Granted automatic approval for foreign equity investments up to 100% in automobiles and component manufacture
- Delicensed the domestic automobile industry
- Permitted the import of components

Along with rising personal disposable incomes owing to the improving economy, organised retail is also picking up, helping farmers earn more for their produce. Consequently, rural

car sales are picking up. Motorisation in rural areas is increasing rapidly. Improving road conditions will ensure that inter-village travel increases. Domestic demand will be fuelled mainly by the rural market, where car penetration is low. In rural areas, fewer than 10 of every 1,000 people own cars. In big cities, the figure is between 30 and 40 per 1,000, according to a PwC report.

According to CRISIL estimates, the new price point reduces the cost of ownership of an entry level car in India by 30 per cent, and to below three times the cost of owning a motorcycle. This will make the car affordable to an additional 14 million families, including a section of the 58 million two-wheeler owners.

There is excited speculation that India is all set to become the small car-hub of the world. The National Council of Applied Economic Research, a New Delhi-based economic research group, predicted that car sales would rise to one million vehicles a year by 2012. India has been gaining significance as a small car manufacturing hub with small car exports of 0.43 million in 2009-10. Small car exports grew at a CAGR of 21% during the last five years and are expected to more than double by 2013-14. This growth was enabled by increasing manufacturing competitiveness across the board, as well as continuous improvements in quality and productivity.

Besides, the government drew out an overarching Automotive Mission Plan 2016 to achieve the following: increase

industry turnover to US\$145 billion, increase export revenue to US\$35 billion, provide employment to an additional 25 million individuals and grow the automotive sector's GDP contribution to 10%.

Rane Group's strategy is in line with this policy direction. It will continue to stay proactively ahead of the market, leverage core competence, exercise responsible governance and enhance shareholder value.

India's auto component position in the world

- Well-developed, globally competitive auto ancillary industry
- Asia's fourth largest passenger car market
- World's second largest two-wheeler manufacturer
- World's fifth largest commercial vehicle manufacturer globally
- World's largest tractor manufacturer
- World's second largest two-wheeler market
- World's eleventh largest passenger car market
- World's seventh largest auto industry by 2016
- Among the world's lowest-cost steel producers
- Established automobile testing and R&D centres

Corporate

- Rane TRW Steering Systems Limited's Pantnagar plant was inaugurated to supply power steering gears and pumps for Ashok Leyland's heavy and medium commercial vehicles and Tata Motors' Tata Ace model.
- Rane Engine Valve Limited [REVL] commissioned a dedicated line in its Trichy plant for the manufacture of engine valves for Hyundai. REVL also commissioned a dedicated line for the manufacture of engine valves for Mahindra & Mahindra; the technology at the state-of-the-art engine valve plant at Trichy was updated; REVL achieved 22% growth in the domestic replacement market.
- The Group collaborated with Ashimori, Japan, for state-of-the-art seat belt technology.
- The Group extended into the production of tilt and telescopic steering columns (for heavy commercial vehicles), direct pull retractors, pre-tensioner and ALR seat belts.

- The Group invested in HR initiatives, widened managerial bandwidth and created a robust leadership pipeline of people, plants and processes.

Financial

- A 21% increase in turnover from Rs. 13,657 million in 2008-09 to Rs 16,629 million
- A 192% increase in PAT from Rs. 256 million in 2008-09 to Rs. 748 million
- All listed Rane Group companies (except Kar Mobiles) reported an increase in market capitalisation over the indices for BSE 500, BSE Small Cap and BSE Auto. Collective Rane Group market capitalisation increased from Rs.1.71 billion (as on 31st March 2009) to Rs.5.31 billion (as on 31st March 2010).



Shareholding pattern and services

Rane Holdings Limited (RHL) is the holding company of the Rane Group. A listed entity, it owns equity stakes in eight Rane Group companies. A Group restructuring exercise led to the creation of the Company in 2005, with a view to consolidate and eliminate Group cross-holdings.








The Company's Board of Directors drive the Rane Group's vision, value system, direction and management practices. RHL is also engaged in business development, information system support, training, development and investor-related services.

Promoters		
Rane Holdings Ltd.		
Subsidiaries	Rane (Madras) Ltd. – 54%	Rane TRW Steering Systems Ltd. – 50%
	Rane Engine Valve Ltd. – 54%	Rane NSK Steering Systems Ltd. – 50%
	Rane Diecast Ltd. – 79%	JMA Rane Marketing Ltd. – 49%
	Rane Brake Lining Ltd. – 42%	
Joint ventures		Associates
		Kar Mobiles Ltd. – 37%

Automotive component manufacture – our core competence

The Rane Group's philosophy of continuous improvement and specialisation comprises the design and manufacture of automotive components like steering gear products (manual and power steering gear), steering linkage products, engine valves, friction material products (brake lining, disc pad and clutch facing) and occupant-restraint products (seat belts).

Rane Group of Companies and their products

	Group companies	Activities / products	
Listed companies	Rane Holdings Ltd.	Holding company	
	Rane (Madras) Ltd.	Manual steering and suspension systems	
	Rane Brake Lining Ltd.	Brake linings, disc pads and composite brake blocks	
	Rane Engine Valve Ltd.	Valves, valve guides and tappets	
	Kar Mobiles Ltd.	Engine valves for large marine/diesel engines, including electromotive application	
Joint venture companies	Rane NSK Steering Systems Ltd.	Solid and energy absorbing steering columns and intermediate shafts, among others	
	Rane TRW Steering Systems Ltd.	Power steering systems and seat belt systems	
Unlisted companies	Rane Diecast Ltd.	Machined diecast products	
	JMA Rane Marketing Ltd.	Distribution company for auto components (Rane and others)	

Leveraging technology alliances to deliver superior performance

Relationships with our technology partners like TRW Automotive US LLC (the US), NSK Ltd. (Japan) and Nisshinbo Brakes Inc. (Japan) helped reinforce our competence and product offerings.



TRW Automotive US LLC
Power steering systems, ball joints, seat belt systems, engine valves

TRW Automotive is a leading automotive supplier with a US\$ 11.6-billion turnover in 2009. The growing size of its transaction volume vindicates its global client-servicing capabilities (40 major vehicle manufacturers) emerging as a leader in all primary product categories.



NSK Ltd., Japan
Energy absorbing steering columns and manual RCB steering gears electric power assisted steering systems

NSK Ltd is recognised as a leader in the manufacture of bearings, automotive components and precision machinery and parts. It recorded a robust ¥588 billion turnover in 2009. Its global clientele is spread across 25 countries and manufacturing operations are conducted from 30 international locations.



Nisshinbo Brakes Inc., Japan
Brake linings, disc pads, clutch facings

Nisshinbo Brakes Inc. is a reputed manufacturer of friction materials for automotive brakes, brake assemblies and anti-lock brake systems. The Company generated a ¥24 billion turnover in 2009-10.

Benefits of our alliances

The various alliances with global technology leaders enriched the Rane Group's knowledge repository, viability and technology access.

The Rane Group's global OEM customer base expanded to include companies like Case New Holland (the UK), Deutz (Germany), Volkswagen (Germany), GM Electromotive Division (the US) and John Deere (the US). During the year under review, exports constituted 11% of total revenues.

Our manufacturing excellence represents the basis of our optimism.



GLOBAL AUTO MAJORS' ENTRY INTO INDIA IN THE NINETIES NECESSITATED THE ACHIEVEMENT OF GLOBAL STANDARDS IN QUALITY, COST, DELIVERY, TECHNOLOGY AND SERVICES.

At Rane Group, we responded to this by adopting TQM principles, namely:

- Customer focus
- Process orientation
- Continuous improvement
- Systematic, structured way of identifying and solving problems
- Companywise involvement of all employees

These inputs translated into global standards at Rane Group.

The first step in our TQM journey was taken in 2000 and since then we have not looked back. This has resulted in the Rane companies becoming preferred suppliers to OEMs.

Our relentless pursuit of TQM translated into four Rane Group companies achieving the coveted Deming Award and are now working towards the prestigious Japanese Quality Medal (JQM).



Our superior people management practices and leadership reinforced our prospects.

THE ENGINE OF RANE GROUP'S GROWTH IS ITS PEOPLE, TRANSLATING INTO IMPROVEMENTS IN EFFICIENCY, INNOVATION, PROFITS AND PRODUCTS.

In line with this strategic importance, the Company's HR vision is to 'stimulate and nurture the intrinsic desire in people to learn, grow and enhance performance to achieve business success and goal'.

The Rane Group's HRD goals comprise the following:

- Recruitment and retention of high-calibre employees
- Encouragement and recognition of outstanding contributions
- Creation of opportunities for professional growth
- Development of leadership capabilities across all managerial levels
- Fostering a sense of employee involvement and developing a work ethos that creates dignity and pride

Rane Group's people management practices are geared towards catalysing the organisation for a decade of healthy profitable growth. The Group's initiatives for 2009-10 comprised the following initiatives:

- Created a strong architecture of people development across the junior, middle and senior management levels with focus on leadership development and domain excellence
- Launched RAMP (Rane Advanced Management Programme) to identify individuals with potential and competence. These members were trained in a classroom environment at the Rane Institute for Employee Development (RIED) on business issues coupled with post-programme mentoring
- Developed competencies through a keen assessment and development of existing skill sets with a focus on the creation of a supervisory cadre
- Enhanced business awareness and institutionalised participatory growth for workmen through the Rane



Operators Competency Enhancement (ROCE) programme. Training covered around 600 employees and 1800 person-days) across four locations covering change management, social skills and techno-quality competence

- Tied up with the Indian Institute of Management (Bangalore) for an advanced leadership programme for senior managers
- Worked on Employer Brand Promise in collaboration with the Great Places to Work Institute (Mumbai) for enhanced employee engagement
- Promoted collaboration between Rane Institute for Employee Development (RIED) and Group companies to institutionalise lean production, Theory of Inventive Problem Solving (TIPS), Low Cost Automation (LCA) and Advanced Statistical Process Control (SPC) through training and post-training support. RIED enhanced the conceptual knowledge on lean management by expanding on-site support in stabilising lean management principles across facilities. Experts from RIED worked in tandem with operations and design layout teams to provide hands-on training at manufacturing facilities, assisting implementation

The result: retention levels increased from 80% in 2008-09 to 85% in 2009-10 (industry average 80%) and a good 50% of the Group's senior management personnel now possess multiple-business and multiple-geography experience.

RHL's environment sensitivity and community development initiatives encouraged long-term growth prospects.



AT RANE, OUR SOCIAL RESPONSIBILITY VISION IS "TO BE A SOCIALLY AND ENVIRONMENTALLY RESPONSIVE ORGANISATION COMMITTED TO IMPROVE THE QUALITY OF LIFE WITHIN AND OUTSIDE".

We believe that long term growth of the economy and industry can be sustained only through environment friendly initiatives at the macro and micro levels. It is also our experience that initiatives taken to improve the environmental impact of a given business process inevitably have a positive effect on the cost economics of the process. Therefore, we continuously review our processes making them cost effective and at the same time environmentally sustainable.

Management of water and its prudent use is a priority for our business. We undertook various water conservation initiatives across our various manufacturing facilities which include:

- Rain water harvesting at plants
- Water Conservation through check dams and stop dams
- Promotion of watershed development
- Percolation/Irrigation tanks for the storage and recycle of disposable water

On the community development front, Rane has created sustainable partnerships with civil society, the government and corporates to support solutions addressing livelihoods. Rane's initiatives on community development are channelized through our non-profit partner, Rane Foundation, which is a Public Charitable and Educational Trust.

These initiatives in the social and environmental spectrum are classified as below:

Education

- Promotion of education at all levels within the organisation
- Interaction with Educational institutions regularly for knowledge sharing and exchange programs for employees with potential

- Active participation in running of Ganapathy Iyer Girls High School, Gopalapuram, Chennai, a Tamilnadu Government aided High School
- Understanding of various rural education initiatives adjacent to plant locations

During the year under review, Rane Foundation has embarked on a project of setting up a Polytechnic College near Trichy, in Tamil Nadu, with contributions from the Rane companies. The first academic year of the Polytechnic is expected to commence in June 2011

Healthcare

- Various initiatives pertaining to occupational health and safety awareness programmes to promote health consciousness within the organisation
- Promotion of rural health at Plant locations through various medical outreach programmes such as free health camps, among others
- Financial support to non profitable healthcare organizations like Sankara Nethralaya, Hindu Mission Hospital, Public Health Centre, Chennai and Margaret Sydney Hospital, a community health centre in the suburbs of Chennai

Women Empowerment

- Promotion of Women employment directly and indirectly, within the organisation to maintain a healthy diverse workforce
- Promotion of Women Self Help Groups (SHG) at Plant locations to increase awareness of existing and emerging opportunities
- Financial Support to NGOs such as "The Banyan" in Chennai

Report of the Directors

Dear Shareholders,

Your Directors have pleasure in presenting their 74th annual report together with the accounts for the year ended March 31, 2010.

1. Financial performance:

Your Company has investments in Rane group companies which are in the auto components Industry. Your Company has invested in the following companies:-

Sl. No.	Name of investee company	Products	Ownership of your Company
Subsidiary companies			
1.	Rane (Madras) Ltd.	Manual steering and suspension systems	53.5%
2.	Rane Engine Valve Ltd.	Valves, valve guides, tappets	53.5%
3.	Rane Diecast Ltd.	Machined die cast products	78.7%
4.	Rane Brake Lining Ltd.	Brake linings, disc pads, composite brake blocs	41.6%
Joint Venture companies			
5.	Rane TRW Steering Systems Ltd.	Power steering systems and seat belt systems	50.0%
6.	Rane NSK Steering Systems Ltd.	Solid and energy absorbing steering columns, intermediary shafts, electric power assisted steering systems	50.0%
7.	JMA Rane Marketing Ltd.	Distribution company for auto component (Rane and others)	49.0%
Associate company			
8.	Kar Mobiles Ltd.	Engine valves for large marine / diesel engines, including electromotive application	37.4%

Your Company's income comprises of dividend from these investments, trademark fee from the group companies for use of the 'RANE' trademark and fee from the group companies for management, information technology, business development and infrastructure services provided by your Company.

The financial highlights of the year under review are as follows:
(Rs. million)

	2009-10	2008-09
Income	451.44	349.67
Profit before tax	273.87	182.85
Provision for tax	22.56	19.89
Profit after tax	251.31	162.96
Surplus brought forward	215.30	125.75
Amount available for appropriation	466.61	288.71

Your Company derived income for the year 2009-10 mainly from a) Dividend income of Rs.210 million (previous year Rs.124 million) from investments in group companies which are all in the Auto Components Industry b) Service fees of Rs.157 million (previous year Rs.145 million) for rendering corporate services to the entire group companies consisting of Finance, HR, Secretarial and Information Technology including maintaining ERP etc; and c) Trade mark fee of Rs.79 million (previous year Rs.64 million) for using the trademark "Rane" by group companies.

2. Appropriation

Profit available for appropriation is Rs.466.61 million. Your directors have declared and paid an interim dividend of 60% on the equity capital for the year ended March 31, 2010 and are pleased to recommend a further 20% as final dividend making for a total dividend for the year of 80%. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs.129.62 million leaving the company with retained profits of Rs.336.99 million. Out of this, Rs.25.13 million is being transferred to the General Reserve and Rs.311.86 million being retained as surplus in the Profit and Loss Account.

3. Management Discussion & Analysis

Since the main activity of the Company is investing in Rane group companies engaged in the auto components Industry, the discussion and analysis mainly of the automotive industry, group companies' performance etc. would be relevant.

a. Industry Structure and Developments

Automotive Industry

	Growth in %	
	2009-10	2008-09
Passenger Cars	28	5
Utility Vehicles	24	(11)
Small Commercial Vehicles (One Ton & below)	8	12
Light Commercial Vehicles	77	(24)
Medium and Heavy Commercial Vehicles	30	(35)
Three Wheelers	25	(1)
Two Wheelers	25	4
Farm Tractors	27	(7)

Source: Society of Indian Automobile Manufacturers.

The domestic market continues its strong recovery which started in January 2009. Heavy and Light Commercial Vehicle segments recovered strongly in the second half of the year. The Passenger Cars continued to do extremely well and had a record year. The Farm Tractors achieved its highest ever production in the current financial year.

The aftermarket continued to be very robust during the year.

For Exports, the year was difficult due to the effects of slowdown in the US and European markets. Besides lower consumption, there were inventory corrections by customers. There were some signs of improvement from December 2009.

b. Financial and operational performance

Your Company's total income at Rs. 451 million represents a growth of 30% over that of the previous year. Service fees had increased from Rs. 145 million to Rs. 157 million. Trade Mark fee had increase from Rs. 64 million in the previous year to Rs.79 million for 2009-10 due to increase in sales of the group companies. Dividend from Group companies increased to Rs.210 million from Rs. 124 million in the previous year.

The profit after tax at Rs. 251 million was higher by Rs. 88 million compared to the previous year. The earnings per share at Rs. 17.60 were higher than previous year's figure of Rs. 11.41.

c. Performance of Group companies

All of your Company's investments are strategic and long term in nature and are exclusively in the Rane Group of companies. These companies in turn operate in the domain of manufacturing and marketing of automotive components such as steering linkages, steering gears (manual and power), steering columns, seat belts, brake linings and disc pads, engine valves, etc.

A brief performance review of the subsidiary, joint ventures and associate companies for the year 2009-10 are as follows:

(I) Subsidiary companies

i. Rane (Madras) Limited (RML)

Sales and Operating Revenues at Rs.4,197 million represents a growth of 19%. This is mainly due to the increases in sales in all segments other than exports. The operating profit for the year under review was Rs.200.41 million as against Rs.12.01 million in the previous year. This was achieved not only due to a robust growth in sales but also effective cost reduction initiatives and a reasonably stable raw material cost situation. Compared to the previous year the foreign exchange volatility was also far less

which helped the performance. As a result of the good performance, the earnings per share has gone up from Rs.0.36 per share to Rs.13.59 per share.

ii. Rane Engine Valve Limited (REVL)

Sales and operating revenues at Rs.2,360 million represents a growth of 7% over that of the previous year. This was due to increase in the sales in all segments other than stationary engines and exports. The operating profit for the year under review was Rs.70.01 million as against Rs.39.12 million in the previous year. The cost reduction measures including rationalizing manpower, more efficient management of working capital including reduction of inventory, reduced capital expenditure in order to conserve liquidity etc. taken by REVL last year continued this year and these were responsible for improvement in the Profits. The earnings per share for the current year was Rs.8.35 as against Rs. 4.29 during the previous year.

During the year, REVL added two state of the art manufacturing lines in its plant in Trichy for manufacture of Engine Valves. These investments will contribute to increase in sales during the fiscal 2010–11.

iii. Rane Brake Lining Limited (RBL)

The shareholders had approved an amendment to the Articles of Association of RBL, which authorizes, your Company to appoint majority of the Board of Directors of RBL. As a result, RBL has become a board controlled subsidiary of your Company.

The sales and operating revenues of RBL at Rs.2,363 million had increased by 23% over that of the previous year. All the product segments witnessed healthy growth of over the previous year except that for institutional sales, which had a very marginal decline. The operating profit for the year under review was Rs.149 million as against Rs.43 million for the previous year.

The state of the art expansion project in Trichy that was completed in the previous year with the technical assistance from Nisshinbo Brakes Inc., Japan played a significant role in the increased business during the current year.

iv. Rane Diecast Limited (RDL)

During the year under review, the sales was Rs.217 million and was lower compared to the previous year by 11% primarily due to slow down in the export market. RDL however reduced its losses by efficient management of raw material costs. RDL also implemented productivity improvement & cost rationalization measures. The export market is showing signs of revival and RDL is expected to turnaround during the fiscal 2010 -11.

v. Rane Investments Limited (RIL)

In terms of the scheme of merger approved by the Madras High Court, RIL, a wholly owned subsidiary of your Company was merged with your Company effective April 1, 2009. RIL held 50% equity in Rane TRW Steering Systems Limited, a joint venture company with TRW Automotive JV LLC, USA and together with your Company, 50% in Rane NSK Steering Systems Limited, another joint venture company established with NSK Ltd., Japan. Apart from these, RIL also held some investments in group companies Rane Engine Valve Limited and Rane Brake Lining Limited. In terms of the Court Order all assets and liabilities of RIL have been transferred and vested with your Company.

II) Joint Venture companies

i. Rane TRW Steering Systems Limited (RTSSL)

The sales and operating revenue of RTSSL at Rs.4,058 million is an increase of 38% over that of the previous year. The OEM market grew by 18%, the aftermarket sales grew by 12% and exports grew by 88%. Due to the healthy increase in sales, the profit before tax increased from Rs.312 million to Rs.614 million i.e., an increase of 97%.

ii. Rane NSK Steering Systems Limited (RNSSL)

The sales and operating revenue of other joint venture company, RNSSL had increased by 111% over the previous year primarily due to increase in volumes of all the customers. As a consequence of this increase RNSSL earned a profit before tax of Rs.82 million as against a loss of Rs.17 million.

iii. JMA Rane Marketing Limited (JMA Rane)

JMA Rane trades in automobile components and the provisional accounts of this JMA Rane for the year ended March 31, 2010 has been used for consolidation. The sales increased to Rs.445 million as against Rs.378 million for the previous year. The profit before tax improved from Rs.23 million in the previous to Rs.33 million during the current fiscal.

III) Associate company

Kar Mobiles Limited (KML)

The adverse situation in the export markets impacted KML's sales being lower by 14% compared to that of the previous year. While the aftermarket sales improved by 27%, export sales declined by 40% over that of the previous year. Despite this drop in sales, KML's profit before tax increased from Rs.15 million to Rs.44 million primarily due to significant savings in the raw material and other costs. The slow but certain revival in the export market is expected to increase the sales in the fiscal 2010-11.

d. Outlook

Domestic market is expected to continue its strong growth. Passenger Car and Two wheelers are expected to register significant growth with new products launches. Light and Heavy commercial vehicles and tractors are expected to continue its growth momentum although at a lower rate. The Aftermarket demand continues to be strong.

Export market, which has also shown positive signs, is likely to improve further in the current year and your company is well placed to further grow in this segment.

Prices of commodities like steel and oil have started hardening but the general expectation is that the increases will be moderate. The recent trend of strengthening of the Indian currency is causing concern. The continuance of subsidised exports from China and the maintenance of artificial peg on their currency could adversely affect Indian exports in the medium term.

All Rane group companies will continue to focus on improving productivity and quality besides cost reduction initiatives to sustain the improved performance.

e. Strengths, opportunities, threats and risks

Rane Group companies would continue to improve their strengths in areas of:-

- Market Leadership
- Brand Equity
- Human Resources
- Total Quality Management (TQM).

The manufacturing facilities already established in India by auto majors, their commitment to increase the capacity as well as the interest shown by other global auto manufactures to set up facilities in India and to make the Indian operations the hub for global supply are opportunities that Rane group would make use for growth.

The main threats are as follows:-

- Dumping from China and cheaper imports from other low cost countries.
- Strengthening of Rupee affecting exports.
- More competition since there are no growth opportunities for MNCs elsewhere.

f. Internal control systems and risk management

Your Company continues to engage the services of an

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

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

g. Human resource development and industrial relations

Your Company attaches significant importance to Human Resource Development (HRD) and harmonious industrial relations. The management is continuously working on the development of human capital which is very vital for achieving the goals and realizing the Vision of the Company in an ever-changing and challenging business environment. "Rane Institute for Employee Development" is a group resource that imparts training for enhancing leadership and managerial skills. On an average each employee across all segments and divisions has undergone 5 days of training during the year.

Total Employee Involvement is at the core of Total Quality Management (TQM) that enables continuous improvement to all business processes. The Company conducts regular Employee Opinion Surveys, the outcome of which is shared with the employees, deliberated and acted upon. Specific HR initiatives are rolled out to improve employee engagement. New strategies like multi skilling, competency enhancement programs and enhancing functional and domain depth and managerial bandwidth are being progressively implemented to optimise employee costs and improve productivity.

The total number of employees on the rolls of your Company is 51.

h. Cautionary statement

The information and opinion expressed in this report may

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

4. Consolidated financial statements

The following methodology as specified under applicable accounting standards have been applied in consolidating the financial results of the group companies in the consolidated financial results attached in the annual report:-

1. Subsidiary companies – each line item of income, expenditure, assets and liabilities have been consolidated one hundred percent. Minority interests have been appropriately considered.
2. Joint Venture companies – each line item of income, expenditure, assets and liabilities have been consolidated based on the percentage of share held in these companies.
3. Associate company – share in the profit after tax based on the percentage of share held has been consolidated.

The Ministry of Corporate Affairs, New Delhi, vide order no. 47/158/2010- CL-III dated March 15, 2010, has granted approval that the requirement to attach various documents in respect of the subsidiary companies, as set out in Sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company.

Financial Information of the subsidiary companies, as required by the said order, is disclosed in the Annual Report. The Company undertakes that it will make available the hard copy of the annual report and annual accounts of the subsidiary companies and the related detailed information to investors seeking such information at any point of time on demand. The annual accounts of the subsidiary companies will be posted in the website of the Company viz. <http://rane.in> and also be kept open for inspection by any investor at the registered office of the Company and that of the respective subsidiary companies. The consolidated financial statements presented by the Company, which form part of this annual report, include financial results of its subsidiary companies.

5. Fixed deposits

Your Company has not accepted any deposit falling under the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder.

6. Board of Directors

Mr. L Ganesh and Mr. V Narayanan retire by rotation and being eligible, offer themselves for reappointment.

During the year, Mr. L Ganesh was appointed as Joint Managing Director of the Company in the designation of Vice-Chairman. Mr. D Vijay Mohan resigned from the board of the Company. The board places on record its appreciation for the services rendered by him during his tenure as director in the Company.

7. Conservation of energy, research and development activities

In view of the nature of activities of the Company, provisions of Section 217(1)(e) of the Companies Act, 1956 are not applicable.

8. Foreign exchange earnings and outgo

There was no foreign exchange earned during 2009-10. The foreign exchange outgo was Rs. 7.28 million on account of professional / consultancy charges and foreign travel.

9. Employees

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

10. Auditors

M/s D Rangaswamy & Co., Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. In view of the proposed implementation of the International Financial Reporting Standards (IFRS) your directors recommend the appointment of Deloitte Haskins & Sells, a Chartered Accountants firm of international repute, also as auditors of the Company from the financial year 2010-11 to conduct joint audit. The Company has received letters from each of them to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

11. Corporate social responsibility

The vision of Rane Group on Corporate Social Responsibility (CSR) is, **"To be a socially and environmentally responsive organization committed to improve quality of life within and outside"**.

CSR activities of the Group are channelized through Rane

Foundation, a public charitable and educational trust. These initiatives in the social and environmental spectrum are classified as below:-

Education

- Promotion of Education at all levels within organisation
- Regular and ongoing interaction with Educational institutions
- High School for Girls
- Rural Education at plant locations

During the year under review, Rane Foundation has embarked on a project of setting up a Polytechnic College near Trichy in the state of Tamilnadu with contributions from Rane group companies. The first academic year is expected to commence from June 2011.

Healthcare

- Occupational health & safety
- Promotion of health consciousness within organisation
- Promotion of Rural health at Plant locations

Empowerment of Women

- Promotion of Women employment
- Promotion of Women Self Help Groups (SHG) at Plant locations

Water Conservation and Harvesting

- Rain water harvesting at Plants
- Water Conservation

Chennai
May 28, 2010

- Percolation / Irrigation tanks
- Check/stop dams

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 Governance Report

A detailed report on Corporate Governance is attached in Annexure 'B'.

For and on behalf of the Board

L Lakshman
Executive Chairman

L Ganesh
Vice Chairman

Annexure – ‘A’ 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, 2010.

Sl. No.	Name	Age	Designation / Nature of Duties	Date of Commencement of Employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of last employment
1.	L Lakshman	63	Executive Chairman	01.04.2008	11,530,451	B.E., Executive MBA from London Business School	40	Rane Brake Lining Limited, Managing Director
2.	L Ganesh	56	Vice Chairman	01.08.2009	5,477,411	B.Com., ACA, MBA	31	Rane Engine Valve Limited, Chairman & Managing Director
3	S Venkataraman*	53	Vice President-Corporate Services	11.03.1999	1,751,478	B.Com., AICWA, ACS, PGDBA	31	Rane TRW Steering Systems Limited, VP – Finance & Secretary
4.	R Venkatanarayanan	49	Vice President-HRD	06.01.2006	2,973,594	B.Sc, MHRM, DSW(LW)	25	Prasad Group - Head HR
5.	R Narayanan	61	Advisor	01.04.2009	29,88,000	BE (Mechanical), PG Diploma in SQC & OR, Diploma in Materials Management, Computer programming Cobol, Fortran & Basic Import Trade Management	38	Rane NSK Steering Systems Limited - President
6.	KS. Kasturirangan*	52	Vice President – Finance	21.01.2010	5,53,360	B.Com, ACA, AICWA, ACS, Certificate Course Oracle Financials (ERP)	25	Sungwoo Gestamp Hitech Ltd., Chief Financial Officer and Company Secretary

* Employed for part of the year.

- 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 employee is contractual in nature.
 3. Mr. L Lakshman, Executive Chairman and Mr. L Ganesh, Vice Chairman are related to each other. Mr. L Lakshman is also related to Mr. Harish Lakshman, 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

Chennai
May 28, 2010

L Lakshman
Executive Chairman

L Ganesh
Vice Chairman

Annexure - ‘B’ to the Report of the Directors

Corporate Governance

1. Philosophy on Code of Governance

The cornerstone of the philosophy of Governance adopted by the Board at all times was based on integrity, transparency and fairness in all its dealings. The Company will continue to seek enhancement to shareholder value within the framework of business ethics, regulatory compliances and contribution to society. The Rane Group has a clearly defined policy document titled “Ethical Standards of Behaviour” outlining the value system of the Company and defines obligations of each of its employees to the Company.

2. Board of Directors

The composition of the Board is given below:

Promoter Group:

Mr. L Lakshman
Mr. L Ganesh
Mr. Harish Lakshman

Independent & Non-executive Directors:

Mr. V Narayanan
Mr. Krishnan S Waran
Mr. Shujaat Khan
Mr. Ravi Vira Gupta
Mr. D Vijay Mohan¹

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

3. Details of Attendance at Board meetings and last Annual General Meeting (AGM) and details of memberships in other Boards and Board committees

The Board met five times during the financial year on June 4, 2009, July 30, 2009, October 31, 2009, January 29, 2010 and March 26, 2010.

Name of the Director	Number of Board meetings attended	Whether attended last AGM	Membership in other Boards #	Committee @	
				Membership	Chairmanship
Mr. L Lakshman	5	Yes	10	10	5
Mr. L Ganesh	5	Yes	10	10	2
Mr. Harish Lakshman	5	Yes	7	4	2
Mr. V Narayanan	5	Yes	8	6	3
Mr. Krishnan S Waran	5	Yes	2	3	2
Mr. Shujaat Khan	4	No	2	1	1
Mr. Ravi Vira Gupta	3	No	6	5	2
Mr. D Vijay Mohan ¹	–	No	11	3	–

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.

¹ Ceased to be a director w.e.f August 17, 2009.

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.

The Institute of Company Secretaries of India (ICSI) has published Standards on secretarial practices relating to meetings of the Board/Committees, General Meetings, Dividends, etc. These are recommendatory in nature. The Secretarial and the operating practices of the Company are in line with the above Secretarial Standards.

4. Audit Committee

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

1. Review of the scope of audit and discuss 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. Reviewing with management the annual financial statements of the subsidiary companies.
5. Review of internal control systems with the Management, Statutory Auditors and Internal Auditors.
6. Reviewing the adequacy of internal audit function.
7. Review of financial and risk management policies of the Company.
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 defaults, if any, in payments to shareholders and creditors.
11. Management discussion and analysis of financial condition and results of operation.

The composition of Audit Committee is as follows:

Mr. Krishnan S Waran	–Chairman	– Independent Director
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Mr. V Narayanan	–Member	– Independent Director
Mr. D Vijay Mohan	–Member	– Independent Director (Upto August 17, 2009)
Mr. L Ganesh	–Member	– Executive Director
Mr. Ravi Vira Gupta	–Member	– Independent Director (w.e.f March 26, 2010)

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

Mr. C. Siva, Secretary of the Company is the Secretary to the Committee.

The Committee met four times during the year on June 4, 2009, July 30, 2009, October 31, 2009 and January 29, 2010.

Name of the Directors	No. of meetings attended
Mr. Krishnan S Waran	4
Mr. L Ganesh	4
Mr. V Narayanan	4

The statutory auditors and the internal auditors were present as invitees in all the meetings. The Executive Chairman and Vice-President-Finance of the Company attended the meetings by invitation.

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

5. Remuneration Committee and Remuneration to Directors

Subject to the approval of the shareholders, Mr. L Ganesh was appointed during the year as Joint Managing Director of the Company in the designation of “Vice Chairman” for a period from August 01, 2009 to March 31, 2011. A Remuneration Committee constituted under the provisions of the Schedule XIII to the Companies Act, 1956, comprises the following Directors as its members:

Mr. V Narayanan	– Chairman
Mr. Krishnan S Waran	–Member
Mr. D Vijay Mohan	– Member (Upto August 17, 2009)

The terms of remuneration payable to Mr. L Ganesh as recommended by the remuneration committee was approved by the Board of directors.

Subject to the approval of the shareholders, the board had revised the remuneration payable to Mr. L Ganesh and Mr. L Lakshman consequent to the amendment made to the Superannuation Scheme of the Company. The amendment to the Superannuation Scheme of the Company required the revision in the remuneration payable to Mr. L Ganesh, Vice Chairman and Mr. L Lakshman, Executive Chairman of the Company since it applied to them. The amendment to the Superannuation Scheme did not have any additional cost impact to the Company with reference to the previous year.

Sitting fees of Rs.20,000 for attending each meeting of the Board, Rs.5,000 for attending each meeting of the Audit Committee was paid to the Non-executive Directors and Rs.2,500 for attending meeting of other committees of the Board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. No other remuneration is paid to the Non-executive Directors.

The details of sitting fees paid to the Directors are as follows:

Name of the Director	Amount (Rs.)
Mr. L Ganesh	67,500*
Mr. Harish Lakshman	132,500#
Mr. V Narayanan	120,000#
Mr. Krishnan S Waran	130,000
Mr. D Vijay Mohan	–
Mr. Shujaat Khan	80,000
Mr. Ravi Vira Gupta	60,000

* Paid till July 2009 and includes sitting fee paid by Rane Investments Limited.

includes sitting fee paid by Rane Investments Limited.

Number of shares held by the Directors:

Name of the Director	No. of shares
Mr. L Lakshman	540,075
Mr. L Ganesh	713,568
Mr. Harish Lakshman	112,317

None of the other directors holds any shares in the company.

6. Code of conduct

The board of directors has laid down a code of conduct for all board members and senior management of the Company in furtherance of its emphasis towards good Corporate Governance practices. The same has also been posted on the website of the Company viz. URL: <http://www.rane.co.in/pdf/coc.pdf>. The board members and senior management personnel 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.

7. Investors' Service Committee

The Investors' Service Committee was constituted to look into all types of grievances from shareholders and redress them expeditiously in a fit and proper manner. The Committee comprises the following Directors:

Mr. Harish Lakshman	– Chairman
Mr. L Lakshman	– Member
Mr. L Ganesh	– Member

Mr. C Siva, Company Secretary is the Compliance Officer of the Company.

The Committee met four times during the year on June 04, 2009, July 30, 2009, October 31, 2009 and January 29, 2010.

Name of the Directors	No. of meetings attended
Mr. L Ganesh	4
Mr. L Lakshman	4
Mr. Harish Lakshman	4

During the year, the Company received 14 complaints from the investors and all of them were resolved to the satisfaction of the shareholders. The complaints pertain to non-receipt of / loss of share certificates and non-receipt of dividend warrant and annual report. During the year, no complaint was received from Stock Exchanges/ SEBI / Ministry of Corporate Affairs.

8. General Body Meetings

Details of previous three Annual General Meetings are as follows:

Date of AGM	Special Resolutions Passed	Time	Venue
July 30, 2007	1. Approval of increase in remuneration for Mr. L Lakshman, Chairman and Managing Director. 2. Investments in shares of Rane Group Companies	10.15 a.m.	Narada Gana Sabha (Main Hall), 314, TTK Road, Chennai 600 018
July 30, 2008	1. Re-appointment of Mr. L Lakshman as Managing Director	10.15 a.m.	
July 30, 2009	No special resolution was passed	10.30 a.m.	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014

There were no resolutions that were required to be passed by means of postal ballot by the members of the company during the year 2009-10.

9. Disclosures

a) List of Promoters of Rane Holdings Limited belonging to the Rane Group pursuant to Regulation 3(1) (e) (i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

1. Mr. L Lakshman & family	9. Ms. Vanaja Aghoram & family
2. Mr. L Ganesh & family	10. Mr. T G G Raman
3. Mr. L Lakshman (HUF)	11. Ms. Rathika R Sundaresan & family
4. Mr. L Ganesh (HUF)	12. Ms. Ranjini R Iyer & family
5. Mr. Harish Lakshman & family	13. Ms. Geetha Raman Subramanyam & family
6. Mr. Vinay Lakshman & family	14. Mr. T G Ramani & family
7. Ms. Aparna Ganesh & family	15. Any company / entity promoted by any of the above.
8. Ms. Shanthi Narayan & family	

Family for this purpose includes the spouse, dependent children and parents.

b) Other disclosures

During the year the Company had not entered into any transaction of material nature with any of the Promoters, Directors, Management, subsidiary companies or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions are stated in Note 15 - Notes on Accounts have been reviewed by the Audit Committee.

There was no instance of non-compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the Stock Exchanges or SEBI or any other statutory authority on such matters.

The Company has complied with all the mandatory requirements prescribed under revised Clause 49 of the Listing Agreement. The Company has complied with the following non-mandatory requirements:-

- Constituted a Remuneration Committee to approve payment of remuneration to managerial personnel .
- Adopting the best practices to ensure a regime of unqualified financial statements.
- individual communication of half-yearly results to shareholders.

The other non-mandatory requirements such as Whistle Blower Policy and training of Board members have not been adopted. The Company is evaluating the impact on the implementation of the Voluntary Guidelines on Corporate Governance issued by the Ministry of Corporate Affairs during the year 2009 for adoption in due course.

10. Means of Communication

The quarterly / annual financial results would be published in "Business Standard" and "Dinamani" (Tamil). The quarterly / annual financial results and the shareholding pattern were uploaded in the website of SEBI under EDIFAR menu until it was active. The financial results were uploaded in the website of the Company viz. <http://rane.in>. During the year, there was no presentation made to the analysts / institutional investors.

11. General Shareholder Information

i) Information about director seeking re-appointment in this Annual General Meeting

Name of the Director	Mr. L Ganesh	Mr. V Narayanan
Father's name	Mr. L L Narayan	Mr. G.V. Ayyar
Date of birth	March 18, 1954	January 29, 1938
Educational qualifications	A.C.A, MBA	M.Sc.
Experience	31 years of experience in the management of Auto component companies	40 years experience in the manufacturing industry field
Date of appointment	June 26, 1986	June 16, 1998
Other directorships	<ol style="list-style-type: none"> Rane Engine Valve Limited Rane (Madras) Limited Rane TRW Steering Systems Limited Rane NSK Steering Systems Limited Rane Brake Lining Limited Kar Mobiles Limited Rane Diecast Limited EIH Associated Hotels Limited EIH Limited JMA Rane Marketing Limited 	<ol style="list-style-type: none"> M M Forgings Limited Rane (Madras) Limited Pond's Exports Limited Glaxo Smithkline Pharmaceuticals Limited Samtel Color Limited Tamilnadu Newsprint & Papers Limited Sundaram Fasteners Limited Lafarge India Pvt. Limited
Committee Memberships	Chairman – Audit <ol style="list-style-type: none"> EIH Associated Hotels Limited 	Chairman – Audit <ol style="list-style-type: none"> M M Forgings Limited Tamilnadu Newsprint & Papers Limited Rane (Madras) Limited
	Member – Audit <ol style="list-style-type: none"> Rane Holdings Limited Rane Brake Lining Limited Rane TRW Steering Systems Limited Rane NSK Steering Systems Limited Kar Mobiles Limited 	Member – Audit <ol style="list-style-type: none"> Rane Holdings Limited Sundaram Fasteners Limited Glaxo Smithkline Pharmaceuticals Limited
	Chairman – Investors Service <ol style="list-style-type: none"> Kar Mobiles Limited 	
	Member – Investors Service <ol style="list-style-type: none"> Rane Engine Valve Limited Rane Brake Lining Limited Rane Holdings Limited 	
No. of shares held	713,568	NIL

ii) Annual General Meeting : July 29, 2010 at 10.30 a.m.
The Music Academy, (Mini Hall)
New No: 168, T.T.K Road,
Royapettah, Chennai 600 014

iii) Financial Year – 1st April - 31st March

Financial Calendar

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2010	May 28, 2010
Un-audited results for the first quarter ending June 30, 2010	July 29, 2010
Un-audited results for the second quarter ending September 30, 2010	October 27, 2010
Un-audited results for the third quarter ending December 31, 2010	January 27, 2011
Annual Accounts for the year ending March 31, 2011	First week of June 2011

iv) Book Closure & Dividend

The book closure period is from July 24, 2010 (Saturday) to July 29, 2010 (Thursday), both days inclusive.

Dividend: The Board has recommended a final dividend of Rs.2/- per share on May 28, 2010. The dividend, if declared by the shareholders, will be made payable on or after August 11, 2010.

v) Listing on Stock Exchanges:

Stock Exchange	Stock Code
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai 400 051	RANEHOLDIN
Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	505800

Listing Fee: Annual Listing fees for the financial year 2010-11 have been paid to all the stock exchanges where the shares of the company are listed. The shares of the Company were delisted from the Madras Stock Exchange Limited (MSE) with effect from January 21, 2010 pursuant to application made to MSE on December 12, 2008 for voluntary delisting of shares. However, the shares of the Company continue to be listed in BSE and NSE.

vi) Unpaid/Unclaimed dividend

Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2004 and thereafter, which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to make their claim to the Company.

Information in respect of such unclaimed dividends when due for transfer to the said fund is given below:

Year	Date of declaration	Last date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2004*	02.04.2004	07.05.2011	05.06.2011
31.03.2005	20.07.2005	24.08.2012	22.09.2012
31.03.2006*	31.01.2006	06.03.2013	04.04.2013
31.03.2006	28.07.2006	31.08.2013	29.09.2013
31.03.2007*	24.01.2007	27.02.2014	28.03.2014
31.03.2007*	20.03.2007	25.04.2014	24.05.2014
31.03.2008*	24.03.2008	01.05.2015	30.05.2015
31.03.2009*	29.01.2009	05.03.2016	03.04.2016
31.03.2010*	29.01.2010	05.03.2017	03.04.2017

* Interim Dividend

No unpaid / unclaimed dividend is required to be transferred to IEPF during the financial year 2010-11

vii) Share price data

Month	National Stock Exchange of India Ltd (NSE)				Bombay Stock Exchange Ltd (BSE)			
	Share price (Rs.)		NSE S&P Nifty		Share price (Rs.)		BSE Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2009	63.00	44.60	3517.25	2965.70	65.00	47.55	11492.10	9546.29
May 2009	99.00	57.00	4509.40	3478.70	99.90	58.00	14930.54	11621.30
June 2009	101.90	70.40	4693.20	4143.25	104.80	77.90	15600.30	14016.95
July 2009	101.45	67.50	4669.75	3918.75	101.00	68.00	15732.81	13219.99
August 2009	100.00	81.00	4743.75	4353.45	102.90	81.35	16002.46	14684.45
September 2009	114.00	86.10	5087.60	4576.60	113.90	90.00	17142.52	15356.72
October 2009	136.90	101.00	5181.95	4687.50	136.15	100.00	17493.17	15805.20
November 2009	129.50	106.00	5138.00	4538.50	130.00	106.00	17290.48	15330.56
December 2009	131.00	114.00	5221.85	4943.95	132.00	115.00	17530.94	16577.78
January 2010	173.80	125.00	5310.85	4766.00	171.90	126.50	17790.33	15982.08
February 2010	168.45	140.00	4992.00	4675.40	167.00	143.00	16669.25	15651.99
March 2010	196.40	147.25	5329.55	4935.35	196.20	149.10	17793.01	16438.45

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

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

Name of the contact person: Mr. K Suresh Babu, Asst. 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 of transfer documents by the Registrar and Transfer Agents (RTA). Requests for dematerialisation are generally confirmed on a weekly basis by the RTA.

x) Distribution of shareholding as on March 31, 2010

Number of shares held	Folio		Shares	
	Number	%	Number	%
Upto 500	9,627	88.53	978,296	6.85
501-1000	523	4.81	384,862	2.70
1001-2000	292	2.69	424,141	2.97
2001-5000	229	2.11	696,504	4.88
5001-10000	93	0.86	659,918	4.62
10001-20000	44	0.40	639,006	4.48
20001-50000	36	0.33	1,104,037	7.73
50001-100000	12	0.11	860,990	6.03
100001 & above	18	0.17	8,530,055	59.74
Total	10,874	100.00	14,277,809	100.00

xi) Pattern of shareholding as on March 31, 2010

Sl. No.	Category	No. of folios	No. of shares	% to total capital
A	Promoters	28	6,124,775	42.90
B	Mutual Funds & UTI	1	150	0.00
C	Banks, Financial Institutions & Insurance Companies	14	686,173	4.80
D	Foreign Institutional Investors (FIIs)	1	147,977	1.04
E	Private Corporate Bodies	275	2,529,670	17.72
F	Indian Public and others	10,438	4,734,611	33.16
G	Non-Resident Indians	117	54,453	0.38
	Total	10,874	14,277,809	100.00

xii) Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depositories Limited and Central Depository Services (India) Limited for dematerialisation of the shares held by investors. SEBI has included the shares of your Company in the list of scrips for trading only in dematerialised form for all investors w.e.f. June 26, 2000. As of March 31, 2010, about 94.67% of the shareholdings have been dematerialised.

Demat ISIN Number: INE 384A01010

xiii) Address for communication:

Mr. C Siva

Compliance Officer
Rane Holdings Limited
Rane Corporate Centre,
"Maithri" 132, Cathedral Road
Chennai 600 086.
Phone : 28112472, Fax : 28112449
E-mail: investorservices@rane.co.in

OR

Mr. K Suresh Babu

Asst. 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

To

The Members

Rane Holdings 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, 2010.

Place: Chennai

Dated : May 28, 2010

L Lakshman

Executive Chairman

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To

The Members of **Rane Holdings Limited**

- We have examined the compliance of conditions of Corporate Governance by Rane Holdings Limited for the year ended 31st March 2010 as stipulated in the Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
- The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring 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 agreement.
- We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **D Rangaswamy & Co.,**
Firm Registration No.003073S
Chartered Accountants

B Ramani

Partner

Membership No.19603

Place: Chennai

Dated : May 28, 2010

Financial information of subsidiary companies

Rs. '000

Sl. No.	Particulars	Name of the Company			
		Rane Brake Lining Limited 31.03.2010	Rane Diecast Limited 31.03.2010	Rane (Madras) Limited 31.03.2010	Rane Engine Valve Limited 31.03.2010
1.	Reporting Currency	INR	INR	INR	INR
2.	Capital	79,150	157,781	101,641	51,510
3.	Reserves & Surplus	696,290	58,201	746,643	778,612
4.	Total Assets	1,301,124	539,999	1,279,872	1,776,400
5.	Total Liabilities	1,301,124	539,999	1,279,872	1,776,400
6.	Investments	25,000	–	50	–
7.	Turnover / Total Income	2,376,767	222,298	4,207,696	2,372,274
8.	Profit before Taxation	149,328	(47,807)	200,414	70,012
9.	Provision for Taxation	48,457	(18,464)	62,288	27,015
10.	Profit after Taxation	100,871	(29,343)	138,126	42,997
11.	Proposed Dividend	15%	NA	20%	15%

For and on behalf of the Board

Place: Chennai
Dated: May 28, 2010

C Siva
Secretary

L Lakshman
Executive Chairman

L Ganesh
Vice Chairman

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies for the financial year ended March 31, 2010

1. Name of the Company	Rane Brake Lining Limited	Rane Diecast Limited	Rane (Madras) Limited	Rane Engine Valve Limited
2. Holding Company's Interest Equity Share Capital	3,292,713 equity shares of Rs.10/- each fully paid-up (45.64%)	7,700,100 equity shares of Rs.10/- each fully paid-up (78.75%)	5,438,125 equity shares of Rs.10/- each fully paid-up (53.50%)	2,754,521 equity shares of Rs.10/- each fully paid-up (53.48%)
3. Aggregated amount of Profits/ (Losses) since becoming the subsidiary, so far as it concerns the members of the holding company and not dealt with in the holding company's accounts				
(i) For the subsidiary's financial year ended March 31, 2010 (Rs.'000)	46,137	(23,107)	73,515	17,438
(ii) Upto the subsidiary's financial year ended March 31, 2009 (Rs.'000)	0	(50,689)	144,844	3,223
4. Aggregated amount of Profits/(Losses) since becoming the subsidiary, so far as it concerns the members of the holding company and dealt with in the holding company's accounts				
(i) For the subsidiary's financial year ended March 31, 2010 (Rs.'000)	10,837	–	13,594	4,132
(ii) Upto the subsidiary's financial year ended March 31, 2009 (Rs.'000)	0	–	32,627	–

For and on behalf of the Board

Place: Chennai
Dated: May 28, 2010

C Siva
Secretary

L Lakshman
Executive Chairman

L Ganesh
Vice Chairman

Financial Highlights

Year	Income (Rs. mn)	Profit before tax (Rs. mn)	Profit after tax (Rs. mn)	Profit after tax and dividends (Rs. mn)	Dividend %	Reserves & Surplus (Rs. mn)	Equity share capital (Rs. mn)	Earnings per share (Rs.)
2004-05	660.19	93.71	71.26	42.95	25	567.74	81.31	10.50
2005-06	110.12	102.81	87.18	60.18	25	609.38	81.31	10.25
2006-07	322.59	188.10	168.73	88.25	75	978.13	97.81	20.19
2007-08	421.29	228.56	208.99	107.60	60	1,604.37	142.78	14.56
2008-09	349.67	182.85	162.96	105.85	40	1,710.22	142.78	11.41
2009-10	451.44	273.87	251.31	137.08	80	1,913.78	142.78	17.60

Balance Sheet Summary

Rs. mn

Year ended 31st March	2010	2009	2008	2007	2006	2005
Gross Fixed Assets	507.16	182.28	178.16	75.10	11.40	9.10
Depreciation	30.44	22.46	15.05	2.05	1.19	0.90
Net Fixed Assets	476.72	159.82	163.11	73.05	10.21	8.20
Investments	1,929.71	1,768.26	1,708.22	1,092.35	715.70	710.24
Current Assets, Loans and Advances	82.16	136.89	255.86	116.26	9.55	10.21
Deferred Tax Asset	–	–	–	–	–	–
Misc. Expenditure (Deferred Rev. Exp)	–	–	–	–	–	–
Total Assets	2,488.59	2,064.97	2,127.19	1,281.66	735.46	728.65
Secured, Unsecured Loans	355.72	176.59	243.27	133.30	1.29	6.45
Deferred Tax Liability	7.56	8.39	9.71	1.29	1.70	1.12
Current Liabilities & Provisions	68.75	26.99	127.07	62.38	5.41	45.78
Total Liabilities	432.03	211.97	380.05	196.97	8.40	53.35
Net Worth	2,056.56	1,853.00	1,747.15	1,084.69	727.06	675.30
Represented by :						
Equity Share Capital	142.78	142.78	142.78	97.81	81.31	81.31
Preference Share Capital	–	–	–	8.75	17.50	26.25
Reserves & Surplus	1,913.78	1,710.22	1,604.37	978.13	628.25	567.74
Net Worth per Equity Share of Rs.10 each	Rs. 144.04	129.78	122.37	110.90	89.42	79.82

AUDITORS' REPORT

To
The Shareholders of
Rane Holdings Limited

- We have audited the attached balance sheet of Rane Holdings Ltd., as at 31st March 2010 and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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.
- As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to above, we report that:
 - 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;
 - In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - The balance sheet and the profit and loss account dealt with by this report are in agreement with the books of account;

- In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the balance sheet, of the state of affairs of the company as at 31st March 2010;
 - in the case of the profit and loss account, of the profits for the year ended on that date;
 - in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date;

For D. Rangaswamy & Co.
Firm Registration No. 0030735
Chartered Accountants

Place: Chennai
Date : May 28th, 2010

B. Ramani
Partner
M. No.: 19603

Annexure to the Auditors' Report

Annexure - Statement on the Companies (Auditor's Report) Order, 2003
(Referred to in Paragraph 3 of Our Report of even date)

- | | | | |
|--|--|--|--|
| <p>i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>b) Fixed assets are physically verified by the Management at reasonable intervals having regard to the size of the Company and nature of its assets. No discrepancies were noticed on such verification.</p> <p>c) No substantial part of the fixed assets has been sold during the year.</p> | <p>explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market rates or values at the relevant time.</p> | <p>xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.</p> | <p>xviii) The Company has not made any preferential allotment of shares during the year to parties covered in the register maintained under section 301 of the Companies Act, 1956.</p> |
| <p>ii) Provisions of clause (ii) on inventory are not applicable as the Company does not hold any inventory.</p> | <p>vi) The Company has not accepted any deposits from public. Accordingly paragraph 4(vi) of the Order is not applicable.</p> | <p>xiii) In our opinion the company is not a chit fund or a nidhi or a mutual benefit fund or a society. Therefore the provisions of clause 4(xiii) of the companies (Auditors' Report) order, 2003 are not applicable to the company.</p> | <p>xix) The Company has not issued any debentures. Accordingly paragraph 4(xix) of the Order is not applicable.</p> |
| <p>iii) a) The Company has not granted unsecured loans to companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii)(a) to 4(iii)(d) are not applicable.</p> <p>b) The Company has not taken any loans secured or unsecured from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii)(e) to 4(iii)(g) of the order are not applicable.</p> | <p>vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> | <p>xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly provisions of clause 4(xiv) of the companies (Auditors' Report) order, 2003 are not applicable to the company.</p> | <p>xx) The Company has not raised any money by public issue during the year. Accordingly paragraph 4(xx) of the Order is not applicable.</p> |
| <p>iv) 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 fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control systems, during the course of our audit.</p> | <p>viii) The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the service rendered by the Company. Accordingly, provisions of clause (viii) of the Order are not applicable to the Company.</p> | <p>xv) In our opinion, the terms and conditions on which the company has given guarantee for loan taken by others from banks and financial institutions are not prejudicial to the interest of the company.</p> | <p>xxi) During the course of examination of books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such a case by the management.</p> |
| <p>v) a) Based on our verification and according to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.</p> <p>b) In our opinion and according to the information and</p> | <p>ix) a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India.</p> <p>b) The Company has no dues in respect of disputed items of sales tax, wealth tax, service tax, customs duty, excise duty and cess, except for the dues referred to in note no 13 in the notes to accounts.</p> | <p>xvi) On the basis of review of utilization of funds on an overall basis, the term loans taken by the company were applied for the purposes for which the loans were obtained.</p> | <p>For D. Rangaswamy & Co.
Firm Registration No. 0030735
Chartered Accountants</p> |
| | <p>x) The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.</p> | <p>xvii) On the basis of review of utilization of funds on an overall basis, the funds raised on short term basis have not been used for long term investment.</p> | <p>B. Ramani
Partner
M. No.: 19603</p> |
| | <p>xi) The Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any debentures.</p> | | <p>Place: Chennai
Date : May 28th, 2010</p> |

BALANCE SHEET As at March 31, 2010

(Rs. '000)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	142,778	142,778
Reserves and Surplus	B	1,913,781	1,710,217
		2,056,559	1,852,995
Loan Funds			
Secured Loans	C	355,725	176,593
Deferred Tax Liability		7,560	8,397
		2,419,844	2,037,985
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	506,865	182,286
Less: Accumulated Depreciation		30,445	22,462
Net block		476,420	159,824
Capital Work-in-progress		300	
		476,720	159,824
Investments	E	1,929,712	1,768,259
Current Assets, Loans and Advances			
Sundry Debtors	F	16,422	18,405
Cash and Bank balances	G	13,846	13,167
Loans and Advances	H	51,888	105,315
		82,156	136,887
Less: Current Liabilities and Provisions			
Liabilities	I	35,445	26,985
Provisions	J	33,299	
		68,744	26,985
Net Current Assets		13,412	109,902
		2,419,844	2,037,985

Contingent Liabilities (Note 13)

Schedules referred to above form an integral part of these accounts

As per our report of even date attached

 For D. Rangaswamy & Co.
 Firm Registration No. 003073S
 Chartered Accountants

 B. Ramani
 Partner
 M.No.19603

 Place: Chennai
 Date : May 28, 2010

For and on behalf of the Board

 L. Lakshman
 Executive Chairman

 L. Ganesh
 Vice Chairman

PROFIT AND LOSS ACCOUNT For the year ended March 31, 2010

(Rs. '000)

	Schedule	31.03.2010	31.03.2009
INCOME	K	451,440	349,669
EXPENDITURE			
Expenses	L	150,618	139,319
Finance Charges	M	18,613	19,950
Depreciation	D	8,338	7,555
Total Expenditure		177,569	166,824
Profit Before Tax		273,871	182,845
Provision for Taxation – Current (Refer note 7.1)		(23,402)	(20,500)
– Deferred		837	1,310
– Fringe Benefit Tax		–	(695)
		(22,565)	(19,885)
Profit After Tax		251,306	162,960
Surplus brought forward (Refer Schedule B)		215,302	125,749
Amount Available For Appropriation		466,608	288,709
Less: Dividend on Equity Shares:			
Interim Dividend 60% (40%)		85,667	57,111
Proposed Dividend 20% (Nil %)		28,556	–
Tax on distributed profit		10,649	–
Provision for Tax on distributed profit		4,743	–
Transfer to General Reserve		25,131	16,296
		154,746	73,407
Surplus carried to Balance Sheet		311,862	215,302
EARNINGS PER SHARE			
Basic (Rs.)		17.60	11.41
Diluted (Rs.)		17.60	11.41
Number of shares used in computing Earnings per Share		14,277,809	14,277,809

Schedules referred to above form an integral part of these accounts

As per our report of even date attached

 For D. Rangaswamy & Co.
 Firm Registration No. 003073S
 Chartered Accountants

 B. Ramani
 Partner
 M.No.19603

 Place: Chennai
 Date : May 28, 2010

For and on behalf of the Board

 L. Lakshman
 Executive Chairman

 C. Siva
 Secretary

 L. Ganesh
 Vice Chairman

SCHEDULES FORMING PART OF THE BALANCE SHEET As at March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule A CAPITAL (Note 2)		
Authorised		
15,000,000 (15,000,000) Equity Shares of Rs.10 each	150,000	150,000
5,000,000 (5,000,000) 13.5% Cumulative Redeemable Preference Shares of Rs.10 each	50,000	50,000
	200,000	200,000
Issued, Subscribed, and Paid-up		
14,277,809 (14,277,809) Equity Shares of Rs 10 each fully paid-up	142,778	142,778
	142,778	142,778

Description	As at 31.03.2009	Additions during the year	Deductions / adjustments during the year	Balance as at 31.03.2010
Schedule B RESERVES AND SURPLUS				
Capital Subsidy	1,500			1,500
Capital Redemption Reserve	55,000			55,000
Securities Premium	439,509			439,509
General Reserve (Refer Note 1)	998,906	107,004		1,105,910
Surplus in Profit and Loss Account	215,302	251,306	154,746	311,862
Total	1,710,217	358,310	154,746	1,913,781

	31.03.2010	31.03.2009
Schedule C SECURED LOANS (NOTE 3)		
Term Loan - IDBI Bank Limited	–	90,400
Term Loan - Citibank NA	56,448	76,974
Citibank Term Loan - Foreign Exchange Premium	6,777	9,219
Term Loan - Yes Bank	92,500	–
Term Loan - HDFC	200,000	–
Cash Credit - Citibank NA	–	–
Cash Credit - Yes Bank	–	–
Total	355,725	176,593

Schedule D FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 31 Mar 09	Transfer on Amalgamation	Additions / Adjustments	Deductions/ Adjustments	As at 31 Mar 10	As at 31 Mar 09	Transfer on Amalgamation	For the year	Deductions/ Adjustments	As at 31 Mar 10	As at 31 Mar 10	As at 31 Mar 09
Licence	1,689	–	–	–	1,689	704	–	338	–	1,042	647	985
Land – Freehold	77,586	–	322,409	–	399,995	0	–	–	–	0	399,995	77,586
Buildings	73,729	–	–	–	73,729	8,355	–	1,306	–	9,661	64,068	65,374
Plant & machinery	8,303	–	617	1	8,919	3,136	–	1,692	1	4,827	4,092	5,167
Furniture & Fittings	4,859	–	1,472	459	5,872	1,975	–	1,558	342	3,191	2,681	2,884
Office equipments	13,010	–	608	67	13,551	6,908	–	2,848	12	9,744	3,807	6,102
Vehicles	3,110	–	–	–	3,110	1,384	–	596	–	1,980	1,130	1,726
Total	182,286	–	325,106	527	506,865	22,462	–	8,338	355	30,445	476,420	159,824
Capital WIP	–	–	300	–	300	–	–	–	–	–	–	–
Total	182,286	–	325,406	527	507,165	22,462	–	8,338	355	30,445	476,420	159,824
Previous year	178,161	–	4,463	338	182,286	15,054	–	7,555	147	22,462	159,824	163,107

SCHEDULES FORMING PART OF THE BALANCE SHEET As at March 31, 2010

(Rs. '000)

Schedule	Face Value	31.03.2010		31.03.2009	
		No. of Shares	Rs. '000	No. of Shares	Rs. '000
Schedule E INVESTMENTS (Note 4)					
1) Long Term					
A. Quoted					
Equity Shares Fully Paid up					
Trade					
Kar Mobiles Limited	10	838,660	54,680	828,949	53,314
Sona Koya Steering Systems Limited	1	4,000	7	4,000	7
Non Trade					
Subsidiary Companies					
Rane (Madras) Limited	10	5,438,125	457,201	5,438,125	457,201
Rane Engine Valve Limited(Refer Note 4)	10	2,754,521	751,752	2,284,898	623,616
Rane Brake Lining Limited	10	3,292,713	106,855	2,781,624	36,183
B. Unquoted					
i) Equity Shares Fully Paid up					
Trade					
JMA Rane Marketing Limited	10	360,003	3,600	360,003	3,600
Rane TRW Steering Systems Ltd		4,369,123	233,212	–	–
Rane NSK Steering Systems Ltd	10	8,950,000	103,278	950,000	95,238
Non Trade					
Subsidiary Companies					
Rane Investments Limited	10	–	–	845,000	281,632
Rane Diecast Ltd	10	7,700,100	157,467	7,700,100	157,467
Other Companies					
Wellington Corporate Foundation	10	60	1	60	1
ii) Preference Shares Fully Paid up					
Rane Diecast Ltd	10	6,000,000	60,000	6,000,000	60,000
			1,928,053		1,768,259
2) Current - Quoted					
i) Equity Shares Fully Paid up					
Others					
Rane Holdings Limited (own shares held thro Trust - Refer Note 4)	10	22,648	1,659	–	–
			1,929,712		1,768,259
Aggregate value of Investments :					
Quoted -Market value Rs. 1,482,609,047 (Rs.438,011,730)			1,372,154		1,170,321
Unquoted			557,558		597,938

SCHEDULES FORMING PART OF THE BALANCE SHEET As at March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule F SUNDRY DEBTORS (Note 6)		
Unsecured considered good		
Over six months old	-	-
Others	16,422	18,405
	16,422	18,405

Schedule G CASH AND BANK BALANCES

	31.03.2010	31.03.2009
Cash on hand	93	54
Scheduled Banks		
Current Accounts	9,379	11,570
Unclaimed Dividends	4,374	1,543
	13,846	13,167

	31.03.2010	31.03.2009
Schedule H LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	5,887	18,747
Loan to Subsidiary	-	43,000
Citibank Deferred Premium	6,777	9,219
Advance Payment of Fringe Benefit Tax	3,318	3,172
Less : Provision for Fringe Benefit Tax	(2,386)	(2,385)
	932	787
Advance Payment of Income Tax	145,062	116,582
Less : Provision for Income Tax	(109,126)	(85,535)
	35,936	31,047
Balance with Service tax Authorities	773	754
Deposits	1,408	1,761
Other advances	175	-
	51,888	105,315

Schedule I CURRENT LIABILITIES AND PROVISIONS

	31.03.2010	31.03.2009
Current Liabilities (Note 6)		
Sundry Creditors	8,682	9,378
For Other Liabilities	21,540	14,642
Unclaimed dividends	4,374	1,543
Interest accrued but not due	849	1,422
	35,445	26,985

Schedule J PROVISIONS

	31.03.2010	31.03.2009
Provision for Equity Dividend	28,556	-
Provision for tax on distributed profits	4,743	-
	33,299	-

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT For the year ended March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule K INCOME		
Dividend from investments - Gross		
- From Subsidiary	38,367	111,682
- From Others (including dividend of Rs 136 ('000) on own shares)	171,393	12,615
Dividend from Mutual fund	5,375	1,493
Trade mark fee	78,654	63,781
* TDS on Service fees Rs 9,127 (Rs 8,289) Rs '000		
Service Fees	157,495	144,863
* TDS on Service fees Rs 18,560 (Rs 18,103) Rs '000		
Profit on sale of investment	-	-
Profit on sale of assets	27	-
Miscellaneous Income	114	490
Interest Received	-	11,363
* TDS on Interest Rs Nil (Rs 2,236) Rs '000		
Provision no longer required written back	-	3,381
Agricultural Income	15	-
	451,440	349,669

Schedule L EXPENSES

	31.03.2010	31.03.2009
Repairs and Maintenance		
Buildings	2,343	2,460
Others	1,253	1,028
Salaries, Wages and Bonus	46,723	41,157
Contribution to Provident and Other funds	8,086	4,496
Staff welfare expenses	2,824	2,149
Rent	2,946	2,103
Insurance	1,044	411
Rates and Taxes	1,169	1,399
Travelling and Conveyance	7,833	8,575
Professional Charges	19,390	20,817
Administrative Expenses	6,160	7,520
Advertisement and Sales Promotion	5,150	2,793
Information System Infrastructure expenses	37,601	38,824
Miscellaneous	203	225
Directors' Sitting Fees	600	755
Audit Fees (Note 7.2)	630	500
Loss on sale of assets	50	3
Loss on foreign exchange	2,201	1,872
Bank Charges	1,672	1,058
Donation	2,740	1,175
	150,618	139,319

Schedule M FINANCE CHARGES

	31.03.2010	31.03.2009
Interest on Term Loans	17,723	17,163
Interest on Cash Credit	244	2,252
Interest - Others	646	535
	18,613	19,950

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES

ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

1.1 The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. The Financial Statements are prepared under historical cost convention in accordance with generally accepted accounting principles and complying in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and complying with relevant provisions of the Companies Act, 1956.

2. Fixed Assets

2.1 Fixed Assets are stated at cost of acquisition or construction, net of cenvat credit and depreciation. Cost includes direct cost and financing cost related to borrowing attributable to acquisition that are capitalized until the assets are ready for use. Capital work-in-progress includes cost of assets not ready for their intended use and includes advances paid to acquire fixed assets.

3. Depreciation

3.1 Depreciation is charged on straight-line basis at rates specified in Schedule XIV of the Companies Act, 1956.
3.2 Depreciation on the following assets is charged on the basis of their estimated useful lives at rates higher than those prescribed in the Companies Act, 1956.

Assets	Useful life (years)
1. Vehicles	5
2. Furniture and Fittings	5
3. Office Equipment	3

3.3 Software license fee is amortized over a period of five years.

3.4 Assets costing less than Rs. 10,000 each are fully depreciated in the year of acquisition.

3.5 Depreciation is provided pro-rata with reference to the month of addition / deletion.

4. Investments

4.1 Investments are categorized into Long Term and Current Investments.

4.2 Long Term Investments are valued at cost and current investments are valued at lower of cost and fair value.

4.3 Any decline in the value of long-term investments is recognized by reducing the value of Investments unless such reduction is of a temporary nature.

4.4 Any gain or loss as the case may be, arising on disposal of such investments is reckoned as income or expenditure of the year.

5. Foreign currency transactions

5.1 Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

5.2 Gain or loss in respect of foreign exchange fluctuation on transactions concluded during the year is recognized as income or expenditure of the year.

5.3 Current assets and current liabilities (other than those relating to fixed assets) in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gain or loss arising on such transactions is recognized as income or expenditure of the year. Gain or loss on translation of long term liabilities utilized for acquisition of fixed assets is adjusted against the carrying cost of the relevant fixed asset.

5.4 In respect of forward contracts, the exchange difference is dealt with in the Profit and Loss Account over the period of the contracts. Realized gains or losses on cancellation of forward contracts are recognized in the Profit and Loss Account of the year in which they are cancelled.

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

6. Borrowing costs

6.1 Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. Qualifying assets are those that take substantial time to get ready for intended use. All other borrowing costs are recognized as revenue in nature.

7. Employee Benefits

7.1 Short term

Short term Employee Benefits including accumulated compensated absence and Voluntary Retirement Scheme are recognized as expense as per the Company's scheme based on expected obligations on undiscounted basis.

7.2 Post retirement

Post Retirement Benefits comprise Provident Fund, Superannuation Fund and Gratuity which are accounted for as follows:

Provident Fund

This is a defined contribution plan, and the contributions remitted to the Provident Fund authorities in accordance with the relevant statute are charged to Profit and Loss Account as and when due. The Company has no further obligations for future provident fund benefits other than its monthly contributions.

Superannuation Fund

This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employees' 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 annual contributions and recognizes such contributions as expense as and when due.

Gratuity

This is a defined benefit plan. The Company's scheme is administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses, comprising experience adjustments and the effects of changes in actuarial assumptions, are recognized immediately in the profit and loss account as income or expense.

Long term

Long term employee benefits represent compensated absence which is provided for based on actuarial valuation using projected unit credit method.

8. Revenue recognition

8.1 Dividend income is recognized when the right to receive is established.

8.2 Service fees and Trademark fees are recognized on accrual basis in accordance with terms of the relevant agreements.

9. Taxes on Income

9.1 Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax is calculated at the tax rates enacted or substantively enacted by the Balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty of its realization.

NOTES

1. Scheme of Merger and Amalgamation :

A Scheme of Amalgamation as approved by the share holders of the company between Rane Investments Limited, a wholly owned subsidiary, and the Company was sanctioned by the High Court of Judicature at Madras. The Scheme has been given effect to from the appointed date 1st April, 2009.

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

The Book value of the assets and liabilities of Rane Investments Limited, transferor company is given below :

Description	Amount '000	Amount '000
Investments		403,475
Current Assets		
Trade and other receivables	74	
Cash & Bank balances	7,329	
	7,403	
Less: Current Liabilities	(4,373)	
Net Current Assets		3,030
Total Assets		406,505
Less: Adjustment of Loan given by Rane Holdings Limited (transferee Company)		
Net Surplus		363,505
Acquisition Cost of Shares in RIL	281,632	
General Reserve on Merger		81,873

The entire Share Capital held by the Company in its wholly owned Subsidiary stands extinguished in terms of Para 3 of the Scheme of Amalgamation.

2. Share Capital

Paid up Equity Share Capital includes the following:

- 3,665,130 (3,665,130) Equity Shares of Rs.10 each allotted as fully paid Bonus Shares from General Reserves
- 1,650,000 shares with par value of Rs. 10 were allotted to the promoters/promoters group on a preferential basis at a premium of Rs. 170 per share as per Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
- 4,496,493 shares with par value of Rs.10 were allotted to the shareholders of Rane Engine Valves Limited (1,396,476) and Rane Brake Linings Limited (3,100,017) under the scheme of Demerger, Merger and Amalgamation approved by the Honorable High Court of Judicature at Madras.

3. Secured Loans:

- Term loan from Citibank NA is secured by a first charge on the current assets and by an equitable mortgage of the Company's immovable property at Perungudi. This is further secured by a second charge on the immovable property at Rane Corporate Centre.
- Term loan from Yes Bank is secured by a first charge on the immovable property at Rane Corporate Centre and by a pari-passu first charge on the movable fixed assets of the Company.
- Term loan from HDFC Ltd is secured by an equitable mortgage of the Company's immovable property at Boat Club Road.
- Cash credit from Citibank NA is secured by a first charge on the movable assets including plant & machinery, other current assets of the Company and further secured by an equitable mortgage of the Company's immovable property at Perungudi.
- Cash credit from Yes Bank is secured by a pari-passu first charge on the current assets of the Company.

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

4. Investments

4.1 Details of purchase and sales/redemption of investments during the year

Name of Company	Purchases		Sales / Redemption	
	Nos	Cost Rs. '000	Nos	Cost Rs. '000
Kar Mobiles Limited	9,711	1,366	–	–
Rane Engine Valve Limited (Includes 372,387 shares acquired on Merger of Rane Investment Limited and 40,444 shares held by the REVL-KML Open Offer Trust on behalf of the Company)	469,623	128,135	–	–
Rane Brake Lining Limited (Includes 300,000 shares acquired on Merger of Rane Investment Limited)	511,089	70,672	–	–
Rane TRW Steering Systems Ltd (Acquired on Merger of Rane Investment Limited)	4,369,123	233,212	–	–
Rane NSK Steering Systems Ltd (Acquired on Merger of Rane Investment Limited)	8,000,000	8,040	–	–
Rane Holdings Limited (Own Shares 22,648 shares held by the REVL-KML Open Offer Trust)	22,648	1,659	–	–
HDFC Cash Management Fund	32,445,188	345,100	32,445,188	345,100
LIC Mutual Fund	19,100,000	191,000	19,100,000	191,000

The manufacturing division of Rane Engine Valves Limited was demerged into Rane Engine Valve Limited and the investment division was merged with Rane Holding Limited effective from 1st April 2007. In this process the company became the beneficiary of 40,444 shares of Rane Engine Valve Limited and 22,648 shares of Rane Holdings Limited held by the REVL-KML Open Offer Trust. These shares continued to be held by the Trust as on 31st March 2010, pending completion of the certain formalities stipulated by the Securities Exchange Board of India. The 40,444 Shares of Rane Engine Valve Limited have since been transferred to the Company on 11th May 2010.

5. Sundry Debtors

5.1 Dues from companies under the same management :

Name of the Company	31.03.2010	31.03.2009
Rane (Madras) Limited	6,699	4,110
Rane Engine Valve Limited	3,697	3,150
Rane Brake Lining Limited	3,329	1,235
Rane TRW Steering Systems Ltd	1,481	8,905
Rane Diecast Limited	1,275	1,006
	16,482	18,406

6. Current Liabilities

- Current liabilities include Commission payable to Executive Chairman Rs. 6,030 (Rs. '000s) Previous year – Rs 3,950 (Rs.'000)
- There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

7. Expenses

7.1 Provision for Current Tax includes Provision for Wealth Tax amounting to Rs 1,677 (Rs '000s) for the current year and a sum of Rs 925 (Rs '000s) in respect of earlier years.

7.2 Audit fees:

Auditors' fees comprise the following

Description	(Rs. '000)	
	31.03.2010	31.03.2009
Statutory Audit	400	400
Tax Audit	100	100
Cerification	130	
Total	630	500

7.3 Managerial Remuneration:

A. Remuneration to Executive Chairman and Vice Chairman

Description	(Rs. '000)	
	31.03.2010	31.03.2009
(a) Executive Chairman		
Salaries and Allowances	3,457	3,169
Commission	6,030	3,950
Contribution to Provident and Other Funds	832	751
Perquisites	1,212	1,439
Sitting Fees	-	-
(b) Vice Chairman		
Salaries and Allowances	3,725	-
Commission	-	-
Contribution to Provident and Other Funds	935	-
Perquisites	817	-
Sitting Fees	-	-
Total Remuneration	17,008	9,309

B. Computation of Net Profit under Section 198/ 349 of The Companies' Act. 1956

Description	(Rs. '000)	
	31.03.2010	31.03.2009
Profit before Tax from Ordinary activities	273,871	182,845
Add: Whole time Directors Remuneration	10,978	5,359
Commission	6,030	3,950
Director's Sitting fee	600	755
Loss on Sale of assets (net)	23	
Less: Profit of a Capital nature	-	-
Net Profit as per Section 349 of Companies Act, 1956	291,502	192,909
Maximum Remuneration payable u/s 198 of the Companies Act, 1956 - 10% of the Profits	29,150	19,291

Aggregate of remuneration inclusive of Salary and Commission paid by Rane Engine Valve Limited to the Vice Chairman is within the maximum managerial remuneration prescribed under Section 198 of the Companies Act, 1956.

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

8. Disclosure as per AS 15 -Employee Benefits

The Company's obligation towards the defined benefit plan of Gratuity and leave encashment are as follows :

(a) Defined benefit plan - Gratuity

	(Rs. '000)	
	2009-10	2008-09
Present value of obligation at the beginning of the year	4,420	3,849
Interest Cost	284	220
Current service cost	412	282
Benefi paid	(767)	(450)
Actuarial (gain)/loss on obligation	9,145	519
Present value of obligation as at the end of the year	13,494	4,420

	(Rs. '000)	
	2009-10	2008-09
Fair value of plan assets at the beginning of the year	3,231	2,018
Expected return on plan assets	685	205
Contribution	6,078	1,364
Benefits paid	(767)	(450)
Actuarial gain/(loss) on plan assets	568	94
Fair value of plan assets at the end of the year	9,795	3,231

	(Rs. '000)	
	2009-10	2008-09
Amounts recognized in the balance sheet		
Present value of obligation as at the end of the year	13,494	4,420
Fair value of plan assets at the end of the year	9,795	3,231
Funded status of the plan - (asset)/liability	3,699	1,189

	(Rs. '000)	
	2009-10	2008-09
Amounts recognized in the statement of profit and loss		
Current service cost	412	282
Interest cost	284	220
Expected return on plan assets	685	205
Net actuarial (gain)/loss recognised in the year	3,688	892
Expenses recognized in the statement of profit and loss	3,699	1,189

	(Rs. '000)	
	2009-10	2008-09
Principal actuarial assumptions as at balance sheet date		
Discount rate	8%	8%
Salary escalation	10%	8%
Expected return on plan assets	8%	8%
Attrition rate	3%	5%

(b) Long Term Benefits- Compensated absence

	(Rs. '000)	
	2009-10	2008-09
Principal actuarial assumptions as at balance sheet date		
Discount rate	8%	8%
Salary escalation	10%	8%
Attrition rate	3%	5%

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

9. The Company is the holding Company of various other companies in the Rane Group. The Company provides Managerial and Infrastructure services to the Companies in the Group. The nature of services therefore cannot be evaluated quantitatively. Consequently a disclosure of quantitative details for the same is not applicable.

10. Expenditure in foreign currency during the financial year on account of :

Description	(Rs. '000)	
	31.03.2010	31.03.2009
Travel	673	322
Professional and consultancy charges	7,148	8,377

11. Remittance in foreign currency during the financial year on account of :

Description	(Rs. '000)	
	31.03.2010	31.03.2009
Dividend	4,940	3,293
Number of non-resident share holders	2	2
Number of equity shares held	823,365	823,365
Year for which dividend is remitted (Interim)	2009-10	2008-09

12. Estimated amount of Contracts remaining to be executed on capital account and not provided for, net of advance, Rs. 3.98 million (Rs. Nil million).

13. Contingent Liabilities not provided for:

Description	(Rs. '000)	
	31.03.2010	31.03.2009
Claims against the Company not acknowledged as debts*	27,400	27,321
Guarantees issued	339,500	146,500

*Claims against the Company not acknowledged as debts include a sum of 8,548 (Rs.'000s) being the income-tax demand for the year 2004-05 which has been disputed by the company. The appeal is pending disposal. In view of a favourable opinion issued by the tax counsel no provision has been made therefor.

14. Deferred Tax Liability

Description	(Rs. '000)	
	31.03.2010	31.03.2009
Deferred Tax Liability		
Depreciation	9,054	9,764
Deferred Tax Asset		
Leave Salary	(1,494)	(1,367)
Net Deferred Tax Liability	7,560	8,397

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

15. Related Party Transactions – Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges.

In accordance with AS 18 issued by ICAI, the following are the related party transactions:

(Rs. '000)

Description & names of the related parties	Year 2009-10		Year 2008-09	
	Value	Outstanding	Value	Outstanding
Associate Companies	Rs '000	Rs '000	Rs '000	Rs '000
Service Fees Received	15,822	–	36,802	–
Trade Mark Fees Received	–	–	8,560	1,380
Dividend Received	4,151	–	12,615	–
Purchase of shares	–	–	–	–
Subsidiary Companies				
Service Fees Received	98,657	1,275	64,418	881
Trade Mark Fees Received	45,189	13,726	27,911	6,408
Dividend Received	38,367	–	111,682	–
Purchase of Equity Shares	–	–	–	–
Purchase of Preference Shares	–	–	60,000	–
Loans granted				
(i) Rane Investments Ltd	–	–	–	43,000
(ii) Rane Diecast Ltd	–	–	28,000	–
Guarantee given – Rane Diecast Ltd	329,500	329,500	146,500	146,500
Interest Received	–	–	11,363	–
Joint Venture Companies				
Service Fees Received	43,016	–	43,644	–
Trade Mark Fees Received	33,465	1,481	27,310	7,712
Dividend Received	167,107	–	–	–
Key Managerial Personnel				
Sitting fees	68	–	–	–
Salary and other Perquisites	10,978	–	5,359	–
Commission	6,030	6,030	3,950	3,950
Relatives of the Key Managerial Personnel				
Sitting Fees	133	–	270	–

Associate Company	: Kar Mobiles Limited (KML)
Subsidiary Companies	: Rane Engine Valve Limited (REVL) Rane (Madras) Limited (RML) Rane Diecast Ltd (RDL) Rane Brake Lining Limited (RBL)
Joint Venture Companies	: Rane TRW Steering Systems Limited (RTSSL) Rane NSK Steering Systems Limited (RNSSL) JMA Rane Marketing Limited (JMA – RANE)
Key Management Persons	: Mr. L. Lakshman, Executive Chairman and Mr. L. Ganesh, Vice Chairman
Relatives of Key Management Person	: Mr. Harish Lakshman, Mrs.Pushpa Lakshman, Mrs.Vanaja Aghoram, Mrs.Shanti Narayan and Mr.Vinay Lakshman, Mrs. Meenakshi Ganesh, Ms. Aparna Ganesh, Mr. Aditya Ganesh

SCHEDULES FORMING PART OF THE ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

16. Figures of the previous year have been regrouped wherever necessary to confirm to this year's grouping.
17. Figures given in brackets in the notes pertain to the previous year.
18. Schedules A to M, Accounting Policies 1 to 9 and Notes 1 to 17 annexed to the Balance Sheet and Profit and Loss Account form part of the accounts and should be read in conjunction therewith.

As per our report of even date attached

For and on behalf of the Board

For D. Rangaswamy & Co.
Firm Registration No. 0030735
Chartered Accountants

B. Ramani
Partner
M.No.19603

L. Lakshman
Executive Chairman

Place: Chennai
Date : May 28, 2010

C. Siva
Secretary

L. Ganesh
Vice Chairman

CASH FLOW STATEMENT For the year ended March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
A) OPERATING ACTIVITIES		
Net profit before tax and extra-ordinary items	273,871	182,845
Adjustments for:		
Depreciation / Amortisation	8,338	7,555
Profit /Loss on sale of Investments - net	-	-
Profit / Loss on sale of Fixed Assets - net	23	3
Operating Profit before working capital changes	282,232	190,403
Changes in assets and liabilities		
Trade and other receivables	17,443	18,018
Trade payables	9,222	(34,651)
Cash generated from operations	308,897	173,770
Interest Paid	18,613	19,95
Direct tax paid (net of refund)	(28,626)	(20,213)
Net cash provided by Operating Activities	298,884	173,507
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(325,406)	(4,463)
Sale of fixed assets	151	188
Sale of Investments	-	143
Transfer of Investments in Subsidiaries and Joint Ventures on merger of RIL - 100% Subsidiary	(39,970)	-
Investment in Subsidiaries, Associates and Joint Ventures	(39,610)	(60,180)
Net cash used in Investing Activities	(404,835)	(64,312)
C) FINANCING ACTIVITIES		
Proceeds from long term borrowings	300,000	904,000
Proceeds from Short term loans	-	-
Repayment of long term borrowings	(120,868)	(946,768)
Loan to Subsidiaries	-	(28,000)
Loan repayment from subsidiaries	43,000	68,000
Repayment of short term loan	-	(23,908)
Dividends paid and Dividend Distribution tax paid	(96,316)	(141,699)
Interest paid	(19,186)	(19,023)
Net cash provided by Financing Activities	106,630	(187,398)
Increase / (decrease) in cash and cash equivalents (A+B+C)	679	(78,203)
D) Cash and cash equivalents - Opening Balance	13,167	91,370
E) Cash and cash equivalents - Closing Balance	13,846	13,167

As per our report of even date attached

For and on behalf of the Board

For D. Rangaswamy & Co.
Firm Registration No. 0030735
Chartered Accountants

B. Ramani
Partner
M.No.19603

L. Lakshman
Executive Chairman

Place: Chennai
Date : May 28, 2010

C. Siva
Secretary

L. Ganesh
Vice Chairman

BALANCE SHEET ABSTRACT and Company's General Business Profile

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

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

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II. Capital Raised during the year (Amount in Rupees Thousands)

Public/Preferential issue Rights Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses Deferred Tax Asset

IV. Performance of Company (Amount in Rupees Thousands)

Turnover Total Expenditure

Profit / (Loss) Before Tax Profit / (Loss) After Tax

Earning Per Share (Rs.) Dividend Rate %

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Not Applicable as the Company is investing in Group Companies

As per our report of even date attached

For D. Rangaswamy & Co.
Firm Registration No. 0030735
Chartered Accountants

B. Ramani
Partner
M.No.19603
Place: Chennai
Date : May 28, 2010

C. Siva
Secretary

For and on behalf of the Board

L. Lakshman
Executive Chairman

L. Ganesh
Vice Chairman

CONSOLIDATED AUDITORS' REPORT

To
The Board of Directors of
Rane Holdings Limited

- We have audited the attached Consolidated Balance Sheet of Rane Holdings Limited and its subsidiaries, joint ventures and associate as at 31st March 2010, and also the consolidated Profit and Loss account for the year ended on that date and the consolidated cash flow statement for the year ended on that date, both annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.
- We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of the Subsidiaries and Joint ventures, whose financial statements reflect total assets of Rs. 7,124 millions as at 31st March 2010 and total revenue of Rs. 15,343 million and cash flows amounting to Rs. 53.60 million for the year ended on that date, and an associate whose financial statements reflect the Group's share of profit of Rs. 10.96 million for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial informations have been subject to audit by other auditors whose reports have been furnished to us, except in respect of JMA Marketing Limited, which has been consolidated on the basis of figures furnished to us by the management and not reviewed by the auditors, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, joint ventures and associate, except JMA Marketing Limited, is based solely on the report of the other auditors.
- We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) on Consolidated Financial Statements, Accounting Standard (AS-23) Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS-27) Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Rane Holdings Limited, its subsidiaries and its associate included in the consolidated financial statements.
- On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Rane Holdings Limited and its aforesaid subsidiaries, Joint Ventures and associate, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
 - In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March 2010;
 - In the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Group for the year ended on that date; and
 - In the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For D. Rangaswamy & Co.
Firm Registration No. 0030735
Chartered Accountants

Place: Chennai
Date : May 28th, 2010

B. Ramani
Partner
M. No.: 19603

CONSOLIDATED BALANCE SHEET As at March 31, 2010

(Rs. '000)

Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS		
Shareholders' Funds		
Capital A	142,778	142,778
Reserves and Surplus B	3,354,606	2,809,676
	3,497,384	2,952,454
Deferred grants	408	455
Minority Interest	1,232,522	727,729
Loan Funds		
Secured Loans C	1,760,639	1,668,227
Unsecured Loans D	623,676	347,158
	2,384,315	2,015,385
Deferred Tax Liability (Note 12)	167,676	79,196
	7,282,305	5,775,219
APPLICATION OF FUNDS		
Fixed Assets E		
Gross Block	9,344,430	6,636,520
Less: Accumulated Depreciation	4,111,007	2,750,156
Less : Impairment of assets	2,125	1,600
Net block	5,231,298	3,884,764
Capital Work-in-progress	205,372	197,775
	5,436,670	4,082,539
Investments F	239,300	323,973
Current Assets, Loans and Advances		
Inventories G	1,277,463	1,146,551
Sundry Debtors H	1,879,823	1,103,638
Cash and Bank balances I	211,909	147,839
Loans and Advances J	546,043	447,204
	3,915,238	2,845,232
Less: Current Liabilities and Provisions		
Liabilities K	2,132,726	1,354,196
Provisions L	176,177	124,267
	2,308,903	1,478,463
Net Current Assets	1,606,335	1,366,769
Deferred Tax Assets		
Miscellaneous Expenditure to the extent not written off or adjusted	-	1,938
	7,282,305	5,775,219
Contingent Liabilities (Note : 10)		
Schedules referred to above form an integral part of these accounts		

As per our report of even date attached

For and on behalf of the Board

For D. Rangaswamy & Co.
Firm Registration No. 003073S
Chartered Accountants

B. Ramani
Partner
M.No.19603

Place: Chennai
Date : May 28, 2010

C. Siva
Secretary

L. Lakshman
Executive Chairman

L. Ganesh
Vice Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended March 31, 2010

(Rs. '000)

Schedule	31.03.2010	31.03.2009
INCOME		
Sales and Operating Revenue M	11,719,895	8,005,808
Other Income N	114,961	144,268
Total	11,834,856	8,150,076
EXPENDITURE		
Manufacturing and Other Expenses O	10,312,386	7,377,285
Finance Charges P	206,866	198,303
Depreciation	511,223	359,342
Total Expenditure	11,030,475	7,934,930
Profit before Tax	804,381	215,146
Prior period adjustments		2,774
Provision for Taxation - Current	268,351	80,757
- MAT credit entitlement	(14,538)	(4,310)
- Deferred	8,200	(21,904)
-Fringe Benefit Tax	(262,013)	10,108
Profit after Tax	542,368	153,269
Minority Interest	(136,901)	(2,997)
Share of Profits from Associates	10,961	15,382
Consolidated Profits	416,428	165,654
Surplus brought forward (Refer Schedule B)	681,109	657,068
AMOUNT AVAILABLE FOR APPROPRIATION	1,097,537	822,722
Les: Transfer to Capital Redemption Reserve		
Dividend on Equity Shares:		
Interim Dividend @ 60 % (40%)	85,667	57,111
Tax on Distributed profit	35,410	-
Proposed Dividend	28,556	-
Provision for tax on distributed profit	4,743	41,444
Transfer to General Reserve	38,716	43,058
	193,092	141,613
Surplus carried to Balance Sheet	904,445	681,109
Earnings Per Share		
Basic (Rs.)	29.17	11.60
Diluted (Rs.)	29.17	11.60
Number of shares used in computing Earnings per Share	14,277,800	14,277,800
Schedules referred to above form an integral part of these accounts		

As per our report of even date attached

For and on behalf of the Board

For D. Rangaswamy & Co.
Firm Registration No. 003073S
Chartered Accountants

B. Ramania
Partner
M.No.19603

Place: Chennai
Date : May 28, 2010

C. Siva
Secretary

L. Lakshman
Executive Chairman

L. Ganesh
Vice Chairman

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule A CAPITAL (Note 2)		
Authorised		
15,000,000 (15,000,000) Equity Shares of Rs.10 each	150,000	150,000
5,000,000 (5,000,000) 13.5% Cumulative Redeemable Preference Shares of Rs.10 each	50,000	50,000
	200,000	200,000
Issued, Subscribed, and Paid-up		
14,277,809 (14,277,809) Equity Shares of Rs 10 each fully paid-up	142,778	142,778
	142,778	142,778

Description	As at 31.03.2009	Additions during the year	Deductions / adjustments during the year	Balance as at 31.03.2010
Schedule B RESERVES AND SURPLUS				
Capital Subsidy	2,192			2,192
Reserve fund	16,900			16,900
Capital Reserve	5,044			5,044
Capital Redemption Reserve	66,250			66,250
Investment allowance reserve	1,854			1,854
Capital Reserve on Amalgamation	208,377			208,377
Capital Reserve on Consolidation	–	177,192		177,192
Securities Premium	589,505	11,648		601,153
Hedge Reserve account	(13,858)	12,165		(1,693)
General Reserve	1,252,303	120,589		1,372,892
Surplus in Profit and Loss Account	681,109	904,445	681,109	904,445
Total	2,809,676	1,226,039	681,109	3,354,606

	31.03.2010	31.03.2009
Schedule C SECURED LOANS (NOTE 3)		
Term Loans from Banks/ Financial Institutions	1,496,496	1,013,337
Interest accrued and due	2,156	1,062
	1,498,652	1,014,399
Advances from Banks - Cash Credit	261,987	653,828
	1,760,639	1,668,227

	31.03.2010	31.03.2009
Schedule D UNSECURED LOANS (NOTE 4)		
Fixed Deposits	383,165	64,020
Commercial Paper	50,000	–
Short term loan from banks/ Financial Institutions	80,913	215,236
Interest free sales tax loan	109,598	67,902
	623,676	347,158

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at March 31, 2010

(Rs. '000)

Schedule E FIXED ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK		
	As at 31 Mar 09	Transfer on Amalgamation	Additions / Adjustments	Deductions / Adjustments	As at 31 Mar 10	As at 31 Mar 09	Transfer on Amalgamation	For the year	Deductions / Adjustments	As at 31 Mar 10	As at 31 Mar 10	As at 31 Mar 09
	Goodwill - On Consolidation	878,170	128,364	–	–	1,006,534	–	–	–	–	–	1,006,534
Goodwill	–	–	–	16,225	16,225	–	–	–	16,225	16,225	–	–
Licence	40,147	37,998	–	26,444	104,589	34,561	8,522	–	23,060	66,143	38,446	5,586
Design and Drawings	–	15,234	–	–	15,234	–	4,570	–	–	4,570	10,664	–
Technical knowhow	–	794	–	–	794	–	13	–	–	13	781	–
Land leasehold	20,680	37,669	486	–	57,863	1,310	1,121	–	–	2,431	55,432	19,370
Land - Freehold	162,642	322,645	–	24,647	509,934	–	–	–	–	–	509,934	162,642
Buildings	635,142	66,142	2,831	278,223	976,676	140,310	28,355	–	48,264	216,929	759,747	494,832
Plant and Machinery	4,667,731	354,007	64,058	1,429,845	6,387,525	2,403,266	440,116	38,723	783,074	3,587,733	2,799,792	2,264,465
Furniture and Fittings	93,709	5,552	5,115	13,990	108,136	62,754	11,785	3,744	10,344	81,139	26,997	30,956
Office Equipment	118,984	6,946	679	13,187	138,438	95,649	13,900	358	11,125	120,316	18,122	23,334
Vehicles	16,559	2,659	3,787	4,296	19,727	9,550	2,841	3,048	3,409	12,752	6,975	7,009
Others	2,756	–	–	–	2,756	2,756	–	–	–	2,756	–	–
Total	6,636,520	978,010	76,956	1,806,857	9,344,430	2,750,156	511,223	45,873	895,501	4,111,007	5,233,424	3,886,364
Previous year	3,551,604	1,074,751	46,472	2,056,637	6,636,520	1,545,220	359,342	36,373	881,966	2,750,156	3,886,364	2,006,384

Schedule F INVESTMENTS (Note 4)	Face Value		31.03.2010		31.03.2009	
	No. of Shares	Rs. '000	No. of Shares	Rs. '000	No. of Shares	Rs. '000
1) Long Term						
A. Quoted						
Equity Shares Fully Paid up						
Trade						
Kar Mobiles Limited (an Associate Company)	10	838,660	68,663	828,949	56,336	
Rane Brake Lining Limited	10	–	–	3,081,624	140,215	
Sona Koya Steering Systems Limited	1	4,000	7	4,000	7	
B. Unquoted						
i) Equity Shares Fully Paid up						
Non Trade						
Other Companies						
Wellington Corporate Foundation	10	60	1	60	1	
2) Current						
A. Quoted						
i) Equity Shares fully paid :						
Others						
Rane Holdings Limited (Own shares held thro 'REVL-KML Open Offer Trust')	10	22,648	1,659	–	–	

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at March 31, 2010

(Rs. '000)

Face Value	31.03.2010		31.03.2009	
	No. of Shares	Rs. '000	No. of Shares	Rs. '000
Schedule F INVESTMENTS (Note 4) (Contd.)				
B. Unquoted				
i) Mutual Fund :				
Birla Short Term Fund	10		1,634,506	16,354
HDFC Cash Management Fund	10		2,064,393	21,957
Kotak Floater Long Term Fund	10	5,697,953	2,237,819	22,557
Prudential ICICI Liquid Fund	10		2,637,825	26,384
HDFC Treasury Advantage Plan	10	2,500	–	–
IDFC Cash Fund	10	5,243,923	3,257,512	32,580
UTI Treasury Advantage Fund	1,000	5,026	–	–
Reliance Money Manger Fund	1,000	7,533	–	–
Reliance Medium Term Fund	10	1,248,422	440,588	7,532
ii) Investment in Government Securities :				
National Savings Certificate		50	–	50
		239,300		323,973
Aggregate value of Investments				
Quoted-Market value (Rs. '000) Rs. 127.972 (Rs. 192.262)		70,329		196,558
Unquoted		51		51
Mutual Funds/ Short term investments		168,920		127,364

(Rs. '000)

	31.03.2010	31.03.2009
Schedule G INVENTORIES		
Stores and Spares	157,064	134,911
Loose Tools	44,832	36,145
Raw Materials and Components	443,546	395,557
Goods in Transit and Bond	102,541	77,595
Work-in-progress	208,679	146,966
Finished Goods	320,801	355,377
	1,277,463	1,146,551

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule H SUNDRY DEBTORS (Unsecured)		
Considered good		
Over six months old	7,289	52,973
Others	1,872,534	1,050,665
	1,879,823	1,103,638
Considered doubtful	–	–
Over six months old	17,900	14,504
	17,900	14,504
Less : Provision for doubtful debts	17,900	14,504
	1,879,823	1,103,638

Schedule **I** CASH AND BANK BALANCES

Cash balance on hand	4,952	1,964
Cheques / DDs on hand	1,834	1,111
Scheduled Banks		
Current Accounts	127,190	69,477
Fixed Deposits (made under Companies (Acceptance of Deposits) Rule, 1975)	42,641	28,588
Deposits under capital gains scheme	35,292	46,699
	211,909	147,839

Schedule **J** LOANS AND ADVANCES

Advances recoverable in cash or in kind or for value to be received	215,913	197,651
Advance payments and tax deducted at source	2,286,087	998,927
Less : Provision for Tax	2,192,551	917,289
	93,536	81,638
MAT Credit entitlement	13,847	5,937
Balance with Customs, Excise and other authorities	149,162	111,157
Citibank Deferred Premium	6,777	9,219
Deposits	60,219	39,566
Interest accrued on Deposits	6,589	2,036
	546,043	447,204

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule K CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	132,583	41,608
Sundry Creditors For Goods		
Due to Small Scale Industries	115,874	33,395
Others	1,541,825	1,045,244
For Other Liabilities	239,883	189,395
Tooling advance received from customers	74,168	31,436
Unclaimed dividends (**)	7,775	3,480
Unclaimed matured fixed deposits (**)	615	80
Fixed deposit interest paid but not encashed (**)	1,923	455
Interest accrued but not due on loans / deposits	18,080	9,103
	2,132,726	1,354,196

(**) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Schedule L PROVISIONS

	31.03.2010	31.03.2009
Provision for Leave Liquidation Salary	79,025	60,198
Provision for warranty	63,853	49,140
Dividend on Equity Shares	28,556	
Provision for tax on distributed profits	4,743	14,929
	176,177	124,267

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule M SALES AND OPERATING REVENUE		
Sales	12,462,885	8,619,534
Less : Excise Duty	881,406	771,229
	11,581,479	7,848,305
Operating Revenue		
Sale of Scrap	84,604	93,735
Job order receipts	1,497	258
Interest - trade	12,510	9,683
Other Operating Revenue	39,805	53,827
	11,719,895	8,005,808

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2010

(Rs. '000)

	31.03.2010	31.03.2009
Schedule N OTHER INCOME		
Income from Trade Investments		
Dividend from investments - Gross	16,689	38,691
Profit on Sale of Assets	2,684	1,853
Service Fees	37,330	58,624
Trademark fees	16,732	22,215
Liability no longer required written back	20,339	12,891
Other Income	21,187	9,994
	114,961	144,268

Schedule O MANUFACTURING AND OTHER EXPENSES (Note 7)

Opening Stock		
Finished Goods	384,347	300,438
Work-in-progress	170,225	141,529
Raw materials and Components consumed	6,268,541	4,514,500
Stores and Tools consumed	472,780	411,651
Power and Fuel	401,580	230,385
Royalty and Technical Fees	40,057	5,665
Trademark Fees	16,888	15,461
Repairs and Maintenance		
Plant and Machinery	177,110	124,411
Buildings	31,457	34,679
Others	57,254	32,970
Salaries, Wages and Bonus	1,294,462	919,587
Contribution to Provident and other funds	134,801	107,820
Staff Welfare Expenses	188,833	120,468
Rent	13,247	11,077
Insurance	33,304	27,937
Rates and Taxes	32,855	20,984
Travelling and Conveyance	97,501	80,399
Professional Charges	100,550	70,097
Information system Infrastructure Expenses	42,592	42,797
Administrative Expenses	12,382	19,572

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2010

Schedule O MANUFACTURING AND OTHER EXPENSES (Note 7) (Contd.)

Selling and Distribution Expenses		
Freight Outward	128,981	112,134
Packing and Forwarding	304,311	182,364
Commission	71,711	50,953
Advertisement and Sales Promotion	34,659	23,623
Discount and Incentive	130,457	32,933
Provision for doubtful debts/Bad debts written off	6,326	6,384
Warranty Claim	39,511	47,006
Other marketing expenses	23,370	25,070
Miscellaneous working expenses	69,894	43,847
Bad & Doubtful debts Written off	161	1,529
Directors' Sitting Fees & Commission	3,257	2,803
Audit Fees	6,424	4,214
Loss on Sale of Assets	1,888	475
Loss on Sale of Investments/ Diminution in value	5	–
Assets Written Off / Provision for Retirement of Assets	1,264	3,213
Exchange Loss	25,623	86,950
Advances written off	301	418
Bank Charges	16,925	22,105
Donation	6,032	1,180
	10,841,866	7,879,628
Less: Closing Stock		
Finished Goods	320,801	355,377
Work-in-progress	208,679	146,966
	10,312,386	7,377,285

Schedule P FINANCE CHARGES

Interest on Term Loans	130,524	93,653
Interest on Fixed Deposits	29,888	5,193
Interest on Cash Credit	42,419	93,944
Other Interest	4,035	5,513
	206,866	198,303

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES

ACCOUNTING POLICIES

1. Principles of Consolidation

The consolidated financial statements have been prepared on the following basis

1.1 The accompanying consolidated financial statements of Rane Holdings Limited (The Holding Company) and its Subsidiaries and Joint Ventures are prepared in accordance with the generally accepted accounting principles applicable in India (Indian GAAP)

The Financial statements of the subsidiaries and Joint Ventures used in the consolidation are drawn up to the same reporting date as that of the Holding company namely March 31, 2010.

1.2 The Financial statements of the company, its subsidiaries, Joint Ventures and investments in Associate companies are consolidated in accordance with Accounting Standard 21 (AS 21) – “Consolidated Financial Statements”, Accounting Standard 27 (AS 27) – “Financial Reporting of Interests in Joint Ventures” and Accounting Standard 23 (AS 23) – “Accounting for Investments in Associates in Consolidated Financial Statements” issued by Institute of Chartered Accountants of India, as detailed below:

1.3 The financial statements of the parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items, assets, liabilities, income and expenses, after eliminating intra-company balances, intra company transactions and unrealized profits/losses on intra-company transactions. The financial statements of the holding company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances

1.4 Investments in associate company have been accounted for by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the company's share of net assets of the associate.

1.5 The excess of cost of investments in the subsidiary company/s and Joint venture/s over the share of the equity of the subsidiary company/s and Joint venture/s at the date on which the investment in the subsidiary company/s and Joint Venture/s is made is recognized as “Goodwill on Consolidation” and is grouped with fixed assets in the consolidated financial statements. Alternatively where the share of equity in the subsidiary company/s and Joint Venture/S as on the date of investment is in excess of cost of investment, it is reckoned as “Capital reserve” and grouped with “reserves and surplus” in the consolidated financial statement.

The carrying value of Goodwill is tested for impairment as at the end of each reporting period.

Minority interest in the net assets of the consolidated subsidiary/s consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made in the subsidiary/s and further movements in their share in the equity, subsequent to the dates of investments. The losses in subsidiary/s attributable to the minority shareholder are recognized to the extent of their interest in the equity of subsidiary/s.

1.6 Investments other than in subsidiary, Joint Ventures and Associates have been accounted as per Accounting standard 13 (AS 13) on “Accounting for Investments”

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

Companies Included in consolidation

Companies*	Equity shares held		% of voting power held	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Subsidiaries				
Rane Investments Ltd **	–	845,000	–	100.0%
Rane (Madras) Ltd	5,438,125	5,438,125	53.5%	53.5%
Rane Diecast Ltd	7,700,100	7,700,100	78.7%	78.7%
Rane Engine Valve Ltd	2,754,521	2,657,285	53.5%	51.6%
Rane Brake Lining Ltd. ***	3,292,713	3,081,624	41.6%	42.7%
Joint Ventures				
Rane TRW Steering Systems Ltd	4,369,123	4,369,123	50.0%	50.0%
Rane NSK Steering Systems Ltd	8,950,000	8,950,000	50.0%	50.0%
JMA Rane Marketing Ltd	360,003	3,60,003	49.0%	49.0%
Associat				
Kar Mobiles Ltd.	838,660	828,949	37.4%	37.0%

* All the above companies are incorporated in India

** Refer note 1

*** The shareholders of Rane Brake Lining limited had approved an amendment to the articles of association of the company which authorizes, Rane Holdings Limited to appoint majority of the Board of Directors of the company. As a result the company has become a board controlled subsidiary of Rane Holding Limited. Rane Brake Lining Limited was consolidated as an associate in the previous year and hence consolidated results for the year are not strictly comparable with those of the previous year

1.7 Financial results of JMA Rane Marketing Limited have been included in the consolidated results on the basis of management accounts not reviewed by auditors.

2. Basis of preparation of Financial Statements

2.1 The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. The Financial Statements are prepared in accordance with generally accepted accounting principles and accounting policies that are based on mandatory accounting standards as applicable.

2.2 The preparation of consolidated financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reported year. Differences between actual results and estimates are recognized in the year in which the results are known/materialized.

3. Fixed Assets

3.1 Fixed Assets are stated at cost of acquisition or construction, net of cenvat credit and depreciation. Cost includes direct cost and financing cost related to borrowing attributable to acquisition that are capitalised until the assets are ready for use.

3.2 Expenses incurred in connection to the project prior to the commencement of the commercial production are treated as part of project cost and capitalized as part of fixed assets.

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

3.4 Capital work-in-progress includes cost of assets not ready for their intended use and includes advances paid to acquire fixed assets.

4. Depreciation

4.1 Depreciation is charged on straight-line basis at rates specified in Schedule XIV of the Companies Act, 1956.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

4.2 Depreciation on the following assets is charged on the basis of their estimated useful life at rates higher than those prescribed in the Companies Act, 1956.

Assets	Useful life (years)
1. Vehicles	5
2. Furniture and Fittings	5
3. Office Equipment	3
4. Lab equipment	3
5. Computers	4
6. Jigs and Fixtures (included in Plant and Machinery)	3

4.3 Licence fee paid for technical assistance is amortized over the period of licence.

4.4 Depreciation is provided pro-rata with reference to the month of addition / deletion.

4.5 Assets costing less than Rs.10,000 each are fully depreciated in the year of acquisition.

5. Investments

5.1 Investments are categorized into Long Term and Current Investments.

5.2 Long Term Investments are valued at cost and current investments are valued at lower of cost and fair value.

5.3 Any decline in the value of long-term investments (other than associates) is recognised by reducing the value of Investments unless such reduction is of a temporary nature.

6. Foreign currency transactions

6.1 Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

6.2 Current assets and current liabilities (other than those relating to fixed assets) in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gain or loss arising on such transactions is recognised as income or expenditure of the year.

6.3 Gain or loss on translation of long term liabilities utilised for acquisition of fixed assets is adjusted against the carrying cost of the relevant fixed asset.

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

6.5 In respect of forward contracts, the exchange differences are dealt with in the Profit and Loss Account over the period of the contracts. Realised gains or losses on cancellation of forward contracts are recognised in the Profit and Loss Account of the year in which they are cancelled.

6.6 Derivative Instrument and hedge accounting

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a banks

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30 "Financial Instruments : Recognition and Measurement", the Company has early adopted the standard and accordingly, the changes in the fair values of forward contracts and options designated as cash flow hedges are recognized directly in 'Hedge Reserve Account' being part of the shareholders' funds and reclassified into the profit and loss account upon the occurrence of the hedged transactions. The changes in fair value relating to the ineffective portion of the cash flow hedges and forward contracts/options not designated as cash flow hedges are recognized in the profit and loss account as they arise.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

7. Borrowing costs

7.1 Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. Qualifying assets are those that take substantial time to get ready for intended use. All other borrowing costs are recognised as revenue in nature.

8 Inventories

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

9. Capital Subsidy

9.1 Lump sum Capital Subsidies, not relating to any specific fixed asset, received from State Government for setting up new projects, are accounted as capital reserve.

10 Employee Benefits

10.1 Short term

Short term Employee Benefits including accumulated compensated absence and Voluntary Retirement Scheme are recognised as expense as per the Company's scheme based on expected obligations on undiscounted basis.

10.2 Post retirement

Post Retirement Benefits comprise Provident Fund, Superannuation Fund and Gratuity which are accounted for as follows:

Provident Fund

This is a defined contribution plan, and contributions made to the Fund are charged to Revenue. The Company has no further obligations for future provident fund benefits other than annual contributions.

Superannuation Fund

This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employees' 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 annual contributions and recognizes such contributions as expense as and when due.

Gratuity

This is a defined benefit plan. The Company's scheme is administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses, comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognised immediately in the profit and loss account as income or expense.

Long term

Long term employee benefits represent compensated absence which is provided for based on actuarial valuation using projected unit credit method.

11 Revenue recognition

11.1 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.

11.2 Dividend income is recognized when the right to receive is established

11.3 Service fees and Trademark fees are recognized on accrual basis in accordance with terms of the relevant agreement

12 Income Tax

12.1 Current tax is determined as the amount of tax payable in respect of taxable income for the period.

12.2 Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax is calculated at

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

the tax rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty of its realization.

13. Impairment of Fixed Assets

13.1 Consideration is given at each Balance Sheet date, to determine whether there is any indication of impairment on the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated and impairment loss is recognised whenever the carrying amount of an asset exceeds recoverable amount.

14. Provisions and Contingent Liabilities

14.1 Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

15. Earnings per share

15.1 Earnings per share is determined by considering the net profit after tax attributable to Equity Shareholders and the weighted average number of shares outstanding at the year-end.

Notes

1. Scheme of Merger and Amalgamation :

A Scheme of Amalgamation as approved by the share holders of the company between Rane Investments Limited, a wholly owned subsidiary, and the Company was sanctioned by the High Court of Judicature at Madras. The Scheme has been given effect to from the appointed date 1st April, 2009.

The Book value of the assets and liabilities of Rane Investments Limited, transferor company is given below :

Description	Amount '000	Amount '000
Investments		403,475
Current Assets		
Trade and other receivables	74	
Cash & Bank balances	7,329	
	7,403	
Less: Current Liabilities	(4,373)	
Net Current Assets		3,030
Total Assets		406,505
Less: Adjustment of Loan given by Rane Holdings Limited (transferor Company)		(43,000)
Net Surplus		363,505
Acquisition Cost of Shares in RIL		281,632
General Reserve on Merger		81,873

The entire Share Capital held by the Company in its wholly owned Subsidiary stands extinguished in terms of Para 3 of the Scheme of Amalgamation.

2. Share Capital

Paid up Equity Share Capital includes the following:

- 3,665,130 (3,665,130) Equity Shares of Rs.10 each allotted as fully paid Bonus Shares from General Reserves
- 1,650,000 shares with par value of Rs. 10 were allotted to the promoters/promoters group on a preferential basis at a premium of Rs. 170 per share as per Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

- c. 4,496,493 shares with par value of Rs.10 were allotted to the shareholders of Rane Engine Valves Limited (13, 96.476) and Rane Brake Linings Limited (3,100,017) under the scheme of Demerger, Merger and Amalgamation approved by the Honorable High Court of Judicature at Madras.

3. Secured Loans:

- a. Term loans from Banks are secured by a pari passu first charge created on the Company's immovable properties both present and future. The same are further secured by hypothecation of the Company's movable properties both present and future, subject to a prior charge on the book debts and inventories in favour of the bankers for working capital facilities.
- b. Cash credit and packing credit facilities are secured by a pari passu first charge by way of hypothecation of inventories and book debts and are also secured by a second charge on all immovable properties and movable fixed assets of the Company both present and future.

4. Unsecured Loans:

Interest Free Sales Tax Loan from Government of Andhra Pradesh represents the Sales Tax deferred by the Subsidiary companies Rane Engine Valve Limited, Rane Brake Lining Limited and Rane Diecast Limited. Interest Free Sales Tax Loans also include Loan from Government of Tamil Nadu for the Joint Venture Rane NSK Steering Systems Limited. These loans are based on the eligibility Certificate issued by the Commissionerate of Industries of the respective State Governments and the same have been classified as Unsecured Loan.

5. Investments:

Details of purchase and sales/redemption of investments during the year

Name of Company	Purchases		Sales / Redemption	
	Nos	Cost Rs. '000	Nos	Cost Rs. '000
Kar Mobiles Limited	9,711	1,366	-	-
Rane Holdings Limited	22,648	1,659	-	-
Birla Sun Life Short Term Fund	1,012,860	10,134	2,647,366	26,488
HDFC Cash Management	40,178,039	422,751	41,599,706	437,873
HDFC Treasury Advantage Plan	8,504,938	85,000	8,504,938	85,000
Kotak Floater Long Term Fund	13,381,124	134,893	9,920,989	100,016
PRU ICICI Floating Fund	2,255,704	26,703	4,893,529	53,087
IDFC Money Manager Fund	8,461,627	84,755	6,475,216	64,762
Reliance Medium Term Fund	5,399,114	92,301	4,640,280	78,980
Reliance Money Manager Fund	119,905	120,051	112,372	112,507
UTI Treasury Advantage Fund	5,026	5,027	-	-
Tata Floater Fund	623,033	6,253	623,033	6,253
LIC Mutual Fund	19,100,000	191,000	19,100,000	191,000
GFRD IDFC Money Manager Fund	1,241,323	12,500	1,241,323	12,500

6. Goodwill:

There is no impairment in cash flow generation of the company's subsidiaries/ associates / joint ventures as on 31st March 2010. Hence no impairment on goodwill is provided for the year.

7. Manufacturing and Other Expenses:

a. Audit fees: (Rs. '000)

Description	2009-10	2008-09
Statutory Audit	4,905	3,109
Tax Audit	725	468
Others (Out of pocket expenses)	794	620

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

8. Estimated amount of contracts remaining to be executed on capital account (net of advance) including share in JVs and not provided for is Rs. 218.50 mn (Rs. 96.77 mn)

9. Disclosure as per AS 15 – Employee Benefits

The Group's obligation towards the defined benefit plan of Gratuity and Leave encashment are as follows:

a) Defined Benefit Plan – Gratuity

(Rs. '000)

Description	2009-10	2008-09
Present value of obligation at the beginning of the year	249,646	226,833
Interest Cost	18,597	15,585
Current service cost	16,457	19,438
Benefit paid	(26,836)	(28,845)
Actuarial (gain)/loss on obligation	36,451	16,635
Present value of obligation as at the end of the year	294,315	249,646

Description	2009-10	2008-09
Fair value of plan assets at the beginning of the year	214,760	180,208
Expected return on plan assets	20,800	14,997
Contribution	36,233	45,794
Benefits paid	(26,817)	(28,792)
Actuarial gain/(loss) on plan assets	238	2,553
Fair value of plan assets at the end of the year	245,214	214,760

Description	2009-10	2008-09
Amounts recognized in the balance sheet		
Present value of obligation as at the end of the year	294,315	249,646
Fair value of plan assets at the end of the year	245,214	214,760
Funded status of the plan - (asset)/liability	49,101	34,886

(Rs. '000)

Description	2009-10	2008-09
Amounts recognized in the statement of profit and loss		
Current service cost	16,457	18,117
Interest cost	18,597	16,906
Expected return on plan assets	20,800	14,997
Net actuarial (gain)/loss recognised in the year	34,847	14,860
Expenses recognized in the statement of profit and loss	49,101	34,886

Description	2009-10	2008-09
Principal actuarial assumptions as at balance sheet date		
Discount rate	7 to 8%	7 to 8%
Salary escalation	4.5 to 10%	3.5 to 8%
Expected return on plan assets	8 to 9%	8 to 9.30%
Attrition rate	1 to 3%	3 to 5%

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

(b) Long Term Benefits- Compensated absence

	2009-10	2008-09
Principal actual assumptions as at balance sheet date		
Discount rate	7 to 8%	7 to 8%
Salary escalation	4.5 to 10%	3.5 to 8%
Attrition rate	1 to 3%	3 to 5%

10. Contingent Liabilities not provided for (including proportionate share in JVs): (Rs. '000)

Description	31.03.2010	31.03.2009
Letter of Credits & Guarantees issued by Bank	189,399	86,680
Guarantees issued/Undertakings given	356,067	165,747
Bills discounted	303,154	101,398
Claims against the Company not acknowledged as debts	192,082	128,098

11. Segment reporting :

The entire operations of the Companies consolidated relate to only one segment viz., Components for Transportation Industry

12. Deferred Tax Liability

Components of Deferred Tax Liability (Rs. '000)

Description	31.03.2010	31.03.2009
Fixed Assets	371,210	269,384
Unabsorbed loss	(124,789)	(125,621)
Provision for Doubtful debts	(1,836)	(3,043)
Leave encashment and bonus	(12,523)	(12,027)
VRS	(20,881)	(24,540)
Others	(43,505)	(24,957)
Closing balance	167,676	79,196

13. Related Party Transactions – Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges.

In accordance with AS 18 issued by ICAI, the following are the related party transactions: (Rs. '000)

Description & names of the related parties	Year 2009-10		Year 2008-09	
	Value	Outstanding	Value	Outstanding
Associate Companies	Rs '000	Rs '000	Rs '000	Rs '000
Service Fees Received	15,822	–	36,802	–
Trade Mark Fees Received	–	–	8,560	1,380
Dividend Received	4,151	–	12,615	–
Purchase of shares	–	–	–	–
Joint Venture Companies				
Service Fees Received	21,508	–	21,822	–
Trade Mark Fees Received	16,733	741	13,655	3,856
Dividend Received	83,528	–	–	–
Key Managerial Personnel				
Sitting fees	68	–	–	–
Salary and other Perquisites	10,978	–	5,359	–
Commission	6,030	6,030	3,950	3,950
Relatives of the Key Managerial Personnel				
Sitting Fees	133	–	270	–

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ACCOUNTING POLICIES AND NOTES (Contd.)

Associate Company	: Kar Mobiles Limited (KML)
Subsidiary Companies	: Rane Brake Lining Limited (RBL) Rane Engine Valve Limited (REVL) Rane (Madras) Limited (RML) Rane Diecast Ltd (RDL)
Joint Venture Companies	: Rane TRW Steering Systems Limited (RTSSL) Rane NSK Steering Systems Limited (RNSSL) JMA Rane Marketing Limited (JMA - Rane)
Key Management Person	: Mr. L. Lakshman, Executive Chairman Mr. L. Ganesh, Vice Chairman
Relatives of Key Management Person	: Mr. Harish Lakshman, Mrs.Pushpa Lakshman, Mrs.Vanaja Aghoram, Mrs.Shanti Narayan, Mr.Vinay Lakshman, Mrs. Meenakshi Ganesh, Ms. Aparna Ganesh, and Mr. Aditya Ganesh

ACCOUNTING POLICIES AND NOTES (Contd.)

14. Figures of the previous year have been regrouped wherever necessary to confirm to this year's grouping.

15. Figures given in brackets in the notes pertain to the previous year.

16. Schedules A to R, Accounting Policies 1 to 15 & Notes 1 to 15 annexed to the Balance Sheet and Profit and Loss Account form part of the accounts and should be read in conjunction therewith.

As per our report of even date attached

For and on behalf of the Board

For D. Rangaswamy & Co.

Firm Registration No. 003073S

Chartered Accountants

B. Ramani

Partner

M.No.19603

Place: Chennai

Date : May 28, 2010

C. Siva

Secretary

L. Lakshman

Executive Chairman

L. Ganesh

Vice Chairman

CONSOLIDATED CASH FLOW STATEMENT For the year ended March 31, 2009

(Rs. '000)

	31.03.2010	31.03.2009
A) OPERATING ACTIVITIES		
Net profit before tax and extra-ordinary items	804,381	215,146
Adjustments for:		
Deferred Revenue Expenditure	1,938	860
Capital subsidy received	(47)	(48)
Depreciation / Amortisation	511,748	359,342
Dividend / Interest received	(16,689)	(38,691)
Profit / Loss on sale of Investments - net	5	-
Profit / Loss on sale of Fixed Assets - net	(796)	(1,378)
Operating Profit before working capital changes	1,300,540	535,231
Changes in assets and liabilities		
Trade and other receivables	(863,126)	(526,625)
Inventories	(130,912)	(426,236)
Trade payables	815,259	747,602
Cash generated from operations	1,121,761	329,972
Interest Paid	206,866	198,303
Direct tax paid (net of refund)	(265,711)	(144,228)
Net cash provided by Operating Activities	1,062,916	384,047
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(985,606)	(1,101,778)
Sale of fixed assets	31,878	11,478
Sale of Investments	82,357	83,381
Purchase of Investments	(45,071)	(180)
Investment in RBL represented by assets (PY related to REVL)	(145,777)	(309,828)
Dividend received	16,689	38,691
Net cash used in Investing Activities	(1,045,530)	(1,278,236)
C) FINANCING ACTIVITIES		
Proceeds from issue of equity shares (Securities Premium)	11,648	-
Proceeds from long term borrowings	92,412	915,768
Proceeds from Short term loans	276,518	246,079
Dividends paid and Dividend Distribution tax paid	(136,006)	(57,111)
Interest paid	(197,888)	(192,698)
Net cash provided by Financing Activities	46,684	912,038
Increase / (decrease) in cash and cash equivalents (A+B+C)	64,070	17,849
D) CASH AND CASH EQUIVALENTS - OPENING BALANCE	147,839	129,990
E) CASH AND CASH EQUIVALENTS - CLOSING BALANCE	211,909	147,839

As per our report of even date attached

For **D. Rangaswamy & Co.**
Firm Registration No. 003073S
Chartered Accountants

B. Ramani
Partner
M.No.19603
Place: Chennai
Date : May 28, 2010

C. Siva
Secretary

For and on behalf of the Board

L. Lakshman
Executive Chairman

L. Ganesh
Vice Chairman

Corporate information

Board of Directors

L Lakshman, Executive Chairman

L Ganesh, Vice Chairman

V Narayanan

Harish Lakshman

Krishnan S Waran

Shujaat Khan

Ravi Vira Gupta

Audit Committee

Krishnan S Waran, Chairman

V Narayanan

L Ganesh

Ravi Vira Gupta

Investors' Service Committee

Harish Lakshman, Chairman

L Ganesh

L Lakshman

Secretary

C Siva

Vice President - Finance

K S Kasturirangan

Auditors

D Rangaswamy & Co.

Chartered Accountants

Chennai 600 034

Listing of shares with

Bombay Stock Exchange Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

Bankers

HDFC Bank Limited

Chennai 600 004.

IDBI Bank Limited

Chennai 600 015.

Citibank N A

Chennai 600 002.

Registered Office

Maithri, 132, Cathedral Road, Chennai 600 086

Phone: 044-28112472 Fax : 044-28112449

Email: investorservices@rane.co.in

Registrar and Share Transfer Agents

Integrated Enterprises (India) Limited

II Floor, Kences Towers, No.1 Ramakrishna Street,

North Usman Road, T. Nagar, Chennai 600 017.

Phone : 044-28140801-03, Fax : 044-28142479

Email: corperserv@iepindia.com

A **TRISYS** PRODUCT
info@trisyscom.com



RANE HOLDINGS LIMITED

Regd Office: "Maithri",
132 Cathedral Road, Chennai 600 086

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Seventy Fourth Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.30 a.m.** on **Thursday, the 29th July 2010, at The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600014** 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 31st March 2010 and the Auditors' Report thereon.

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

"Resolved that the Audited Balance Sheet as at 31st March 2010, the Profit and Loss Account for the year ended 31st March 2010 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.6/- per equity share declared by the board of directors of the Company on January 29, 2010 on 14,277,809 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.96.32 million (including dividend distribution tax and cess thereon) paid to the shareholders in February 2010 for the year ended March 31, 2010, be and is hereby approved."

"Resolved further that final dividend of Rs.2/- per equity share of Rs.10 each on 14,277,809 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2010, absorbing an amount of Rs.33.30 million (including dividend distribution tax and

cess thereon) and that the dividend be paid to those shareholders, whose names appears on the Company's Register of Members as on July 29, 2010 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 23, 2010 as per the details furnished by the Depositories for this purpose."

3. To appoint a director in the place of Mr. L Ganesh, who retires by rotation under Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-election.

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

"Resolved that Mr. L Ganesh, 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. V Narayanan, who retires by rotation under Article 108 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. V Narayanan, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company".

5. To appoint auditors of the Company and to determine their remuneration. The retiring auditors Messrs D Rangaswamy & Co., Chartered Accountants being eligible for re-appointment, it is proposed to appoint them as auditors of the Company for the financial year 2010-11. It is also proposed to appoint M/s. Deloitte Haskins & Sells, a Chartered Accountants firm of international repute as auditors of the Company for the financial year 2010-11, to conduct joint audit in view of the proposed implementation

of the International Financial Reporting Standards (IFRS). The Company has received declaration under Section 224(1B) of the Companies Act, 1956, from both the auditors in regard to their consent for being appointed as auditors of the Company.

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

"Resolved that Messrs D Rangaswamy & Co., Chartered Accountants, (Registration No. 003073S with the Institute of Chartered Accountants of India) and Messrs Deloitte Haskins & Sells, Chartered Accountants (Registration No. 008072S with the Institute of Chartered Accountants of India), be and are hereby appointed as Joint statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS

6. Appointment of Mr. L Ganesh as "Joint Managing Director" in the designation of "Vice Chairman"

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

"Resolved that in accordance with the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be required, approval be and is hereby accorded for the appointment of Mr. L Ganesh, as Joint Managing Director of the Company in the designation of Vice Chairman with effect from August 01, 2009, for a period from August 01, 2009 to March 31, 2011, on the following terms:

a) Salary:

Rs.375,000 per month in the scale of Rs.375,000 to Rs.450,000. Annual increase will be effective 1st April every year and the quantum will be decided by the Board of Directors.

b) Perquisites:

Perquisites like the provision of unfurnished accommodation, special allowance, gas, electricity, water,

furnishings, fee to clubs, personal accident insurance, use of car with driver and telephone at residence, medical insurance, medical reimbursement and allowance for self and family, leave, leave encashment and leave travel concession will be provided in accordance with the scheme of the Company as applicable to Directors and Senior executives of the Company.

In case accommodation is not provided by the Company, he shall be eligible for house rent allowance equal to 60 % of salary per month.

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

The above perquisites are however, subject to a maximum of 150% of the salary per annum.

c) Contribution to funds:

Company's contribution to Provident Fund and Superannuation Fund will be as per the scheme of the Company.

Company's contribution to Provident Fund and Superannuation 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."

"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 Vice Chairman, he will be paid minimum remuneration as prescribed in Schedule XIII to the Companies Act, 1956."

7. Revision in remuneration of Mr. L Lakshman, Executive Chairman

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

"Resolved that in supersession of the earlier resolution passed in this regard and in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be required, approval be and is hereby accorded for the revision of the terms and conditions in the appointment of Mr. L Lakshman,

Managing Director of the Company in the following manner with effect from July 1, 2009 till the end of his present tenure i.e. up to March 31, 2011:

a) Salary :

Rs. 240,000 per month in the scale of Rs. 240,000 to Rs. 350,000. Annual increase will be effective 1st April every year and the quantum will be decided by the Board of Directors.

b) Perquisites:

Perquisites like the provision of unfurnished accommodation, special allowance, gas, electricity, water, furnishings, fee to clubs, personal accident insurance, use of car with driver and telephone at residence, medical insurance, medical reimbursement and allowance for self and family, leave, leave encashment and leave travel concession will be provided in accordance with the scheme of the Company as applicable to Directors and Senior Executives of the Company.

In case accommodation is not provided by the Company, he shall be eligible for house rent allowance equal to 60 % of salary per month.

The perquisites will be evaluated as per Income-tax Rules,

wherever applicable, and at actual cost to the Company in other cases.

The above perquisites are however, subject to a maximum of 150% of the salary per annum.

c) Contribution to funds:

Company's contribution to Provident Fund and Superannuation Fund will be as per the scheme of the Company.

Company's contribution to Provident Fund and Superannuation 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) Commission:

Commission not exceeding 24 months salary for each financial year, provided that the total remuneration of the Managing Director shall not exceed the limits prescribed under the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time.

By Order of the Board
For **Rane Holdings Limited**

C Siva
Secretary

Chennai
May 28, 2010

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 business under Resolution No. 6 and 7 is annexed.

3. The Register of Members of the Company will remain closed from **Saturday, 24th July 2010 to Thursday, 29th July 2010** (both days inclusive).

4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended March 31, 2004 and thereafter which remains unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Members are requested to contact the Company's Registrars and Transfer Agents, for payment in respect of the unclaimed dividend on or after the financial year 2003-04 declared by the company.

5. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential address to the following address:

M/s. Integrated Enterprises (India) Limited
II Floor, "Kences Towers", No.1, Ramakrishna Street,
North Usman Road, T.Nagar, Chennai 600 017.

Members holding shares in demat form are requested to update the change of address with their respective Depository Participants (DPs).

6. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.

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

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

Resolution No. 6

Mr. L Ganesh took over as Chairman of Rane Group during October 2006. Consequent to that, he has been committing more time towards the development, evolving new strategies, identifying investment avenues to enhance the profitability of all the constituents of Rane Group.

In order to compensate Mr. L Ganesh adequately for the services rendered by him to the Group as a whole, Board of directors of the Company has appointed him as Joint Managing Director of the Company in the designation of "Vice Chairman" with effect from August 1, 2009 on a remuneration of salary, perquisites and other allowances in accordance with Schedule XIII of the Companies Act, 1956, subject to the approval of shareholders. The company has not made any default in repayment of any of its debts or debentures or interest payable thereon.

Mr. L Ganesh is also the Managing Director of Rane Engine Valve Limited (REVL), a subsidiary of the Company and is eligible for remuneration by way of commission as may be approved by the Board of Directors of REVL, not exceeding 5% on the net profits of REVL.

Subject to the approval of the shareholders, the Board at its meeting held on March 26, 2010 has revised the remuneration of Mr. L Ganesh, consequent to the amendment made to the Superannuation Scheme of the Company. As per the amended scheme, Company would contribute to its existing Superannuation Fund up to 15% of the basic salary of the Senior Executives of the Company as per the option exercised by them. In case, contribution to the Superannuation Fund made by the Company is less than 15% of the basic salary due to the option exercised by the employee, the difference between contribution made by the Company and 15% of the basic salary, would be paid as special allowance or in other appropriate name, subject to applicable Income Tax.

The abstracts of the terms of appointment of Mr. L Ganesh and its revision, as required under Section 302 of the Companies Act, 1956 were sent to the shareholders.

Mr. L Ganesh is interested in the resolution to the extent of his appointment and remuneration. Mr. L Lakshman being relative of Mr. L Ganesh, deemed to be interested in the resolution. None of the other directors is concerned or interested in the resolution.

Resolution No. 7

The amendment to the Superannuation Scheme mentioned in the explanatory statement to the resolution No.6 is also

applicable to Mr. L Lakshman, Executive Chairman. This amendment did not have any additional cost to the Company with reference to the previous year.

The abstracts for revising the terms of remuneration to Mr. L Lakshman, as required under Section 302 of the Companies Act, 1956 was sent to the shareholders.

Mr. L Lakshman is interested in the resolution to the extent of his remuneration. Mr. L Ganesh and Mr. Harish Lakshman being relatives of Mr. L Lakshman, deemed to be interested in the resolution. None of the other directors is concerned or interested in the resolution.

By Order of the Board
For **Rane Holdings Limited**

C Siva
Secretary

Chennai
May 28, 2010

Information about directors seeking re-appointment in this Annual General Meeting in respect of item nos. 3 & 4 of the Notice (In accordance with Clause 49 IV of the Listing Agreement)

Name of the Director	Mr. L Ganesh	Mr. V Narayanan
Father's Name	Mr. L L Narayan	Late Mr. G V Ayyar
Date of Birth	March 18, 1954	January 29, 1938
Educational Qualifications	B.Com., ACA, MBA	M.Sc.,
Experience	As Chairman of Rane Group, he is also closely involved in management of other companies in Rane Group and has over 31 years of industrial experience.	Mr. V Narayanan has over 46 years of experience in his profession.
Date of Appointment	August 01, 2009 (as JMD)	June 16, 1998
Other Directorships	<ol style="list-style-type: none"> 1. Rane Engine Valve Limited 2. Rane (Madras) Limited 3. Rane TRW Steering Systems Limited 4. Rane NSK Steering Systems Limited 5. Rane Holdings Limited 6. Kar Mobiles Limited 7. Rane Diecast Limited 8. EIH Associated Hotels Ltd. 9. EIH Limited 10. JMA Rane Marketing Limited 	<ol style="list-style-type: none"> 1. Rane Holdings Limited 2. M M Forgings Limited 3. Pond's Exports Limited 4. Samcor Glass Limited 5. Glaxo SmithKline Pharmaceuticals Limited 6. Samtel Color Limited 7. Tamilnadu Newsprint & Papers Limited 8. Sundram Fasteners Limited 9. Lafarge India Pvt. Ltd.
Committee Memberships	<p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. EIH Associated Hotels Limited <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 2. Rane Brake Lining Limited 3. Rane TRW Steering Systems Limited 4. Rane NSK Steering Systems Limited 5. Kar Mobiles Limited 	<p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 2. Sundram Fasteners Limited 3. Glaxo SmithKline Pharmaceuticals Limited <p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. MM Forgings Limited 3. Tamilnadu Newsprint & Papers Limited
	<p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> 1. Kar Mobiles Limited 	<p>Member - Remuneration</p> <ol style="list-style-type: none"> 1. Glaxo SmithKline Pharmaceuticals Limited
	<p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane Engine Valve Limited 2. Rane Brake Lining Limited 3. Rane Holdings Limited 	
Number of shares held	713,568	NIL

By Order of the Board
For **Rane Holdings Limited**

Chennai
May 28, 2010

C Siva
Secretary



Rane Holdings Limited

Regd Office: "Maithri",
132 Cathedral Road, Chennai 600 086

**74th Annual General Meeting at 10.30 a.m. on Thursday, July 29, 2010 at
The Music Academy (Mini Hall), New No.168, TTK Road, Royapettah, Chennai 600 014.**

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall.

Name of First named Shareholder	No. of shares	Folio No.	If held in dematerialised form	
			D P ID No.	Client ID No.

I certify that I am a registered Shareholder of the Company.

I hereby record my presence at the above **Annual General Meeting** of the Company.

A member / proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of Proxy (if any) in **BLOCK LETTERS**

Signature of Member / Proxy



Rane Holdings Limited

Regd Office: "Maithri",
132 Cathedral Road, Chennai 600 086

PROXY FORM

I/We of in the district of
being a member/members of **RANE HOLDINGS LIMITED**, hereby appoint
of in the district of or failing
him of in the
district of as my / our proxy to attend and vote for me
/ us on my/our behalf at the **74th Annual General Meeting** of the Company to be held at **10.30 a.m. on Thursday, July 29, 2010** or at any
adjournment thereof.

No. of shares	Folio No.	If held in dematerialised form	
		D P ID No.	Client ID No.

Affix 15
paise
Revenue
Stamp

Signature of Member

Signed this day of 2010.

Note : Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The form duly completed should be deposited at the Registered Office of the Company at Chennai not less than 48 hours before the commencement of the meeting.

