



75 Years

GROWTH
AND
PROFITABILITY

RANE HOLDINGS LIMITED

ANNUAL REPORT 2010 - 11



Annual Report 2010 - 11

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
Anjanikumar Choudhari

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

Deloitte Haskins & Sells

Chartered Accountants
 Chennai 600 017

Listing of shares with

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

Bankers

HDFC Bank Ltd.
 Chennai 600 004

YES Bank Ltd.

Chennai 600 034

Citibank N.A

Chennai 600 002

Registered Office

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 Phone : 044-28112472 Fax: 044-28112449
 E-mail : investorservices@rane.co.in

Registrar and Transfer Agents

Integrated Enterprises (India) Ltd.

II Floor, Kences Towers No.1, Ramakrishna Street
 North Usman Road, T Nagar Chennai 600 017
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Enclosure : Proxy Form & Attendance Slip



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Flowering Growth



In successful companies as in the natural world, growth is a coveted and inevitable occurrence. Germination, flowering and bearing fruit can be equated to idea generation, execution, excellence to customer delight and consequent success of companies. In this year's annual report, we have thematically treated the fiscal year's review with the allegory of a flower. Each petal is a metaphorical representation of Rane's factors of success-delighted customers, superior products, manufacturing excellence, robust technology alliances and contemporary people management & development practices.

Value Creation - winning formula for growth and profitability

At Rane, the next decade has been strategically identified as one of profitable growth, a combination of profitability and growth, more precisely the combination of economic profitability and growth of free cash flows.

The Group's strategy for profitable growth is designed to accelerate sales growth, improve returns and build on its strong foundation to continue creating value for shareholders in the long term.





Chairman's Overview

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

Dear Shareholder,

The Indian economy has registered remarkable growth over the last three years despite the global financial crisis. The Agriculture and Services' sectors have led the growth; while the Manufacturing and Mining sector has not shown as much buoyancy. Going forward, it is the attention of the policy makers that will make all the difference. The fact that China's manufacturing contributes 45% to their GDP compared with our 19%, says it all.

The automotive industry has spearheaded the growth in the manufacturing sector with growth rates ranging from 27% in the Passenger car sector to 38% in the Commercial Vehicle sector in the financial year 2010-11. Newer segments are being created such as crossover vehicles to small commercial vehicles. Technology upgradation for better fuel efficiencies, emission norms are order of the day.

The growth of the various segments of the Indian economy has been largely aided by increased business confidence and private investments as also expenditure in the infrastructure sectors. The economies of the United States and some of the major Euro countries affected by the global financial crisis have also started showing indications of recovery.

In this context, your companies have grown remarkably well, primarily in the domestic market. The export outlook has also turned positive. During this period, Rane has introduced new products and have also created new manufacturing locations to serve customers better; the Electric Power Steering being the most notable of the new products.

The Rane businesses have grown by 30%. We reported a 36% increase in our topline, a 33% increase in our EBIDTA, a 26% growth in our cash profit and a 67% jump in our net profit leveraging the buoyancy of the automobile sector.

What gives me a deep satisfaction is that we enhanced value at every intermediate point in the following ways:

- improvement in internal efficiencies
- economies of scale, growing volumes to match global standards
- innovation of products enhancing the competitiveness of our users
- manufacture of quality products leveraging our rich international experience of processes and practices

As a result, the Rane Group of companies of today provides international-quality products at Indian costs in growing quantities, taking the business of its customers ahead.

In response to customer requirements, the dynamics of the automobile industry keeps changing. Today's profile is almost unrecognizable from what was three years ago. High variety and value propositions have become the demand drivers. Newer technologies are making inroads into the vehicle content. The average Indian customer seeks out these attributes, but at a lower price. Therefore, the challenge of quality, cost and delivery will remain valuable strategies. Agility and better time to market are mandates that the component suppliers have to contend with. To retain and improve margins, productivity improvement is about the only avenue. Volatility in commodity prices has become a way of life.

One of the most important challenges at Rane this year (and I seize this opportunity to explain the reason why our bottomline did not increase as per the same proportion as our topline) was the increase in cost of freight. The main reason for this was the constraints through the entire length of supply chain. Therefore, in order to provide



unflinching customer support and adhere to our delivery commitments, we imported the inputs and airlifted our products. This resulted in timely delivery of product batches and sealed longstanding client relationships with automobile majors ; but at a cost.

At Rane, we have defined the next decade in business terms, as being one of profitable growth for all Group companies. Our strategy to achieve this is fairly simple. Most growth investment will at first reduce the profitability; cost reduction efforts to boost the bottom line usually have a negative impact on future growth. This is especially true with mature products or services. The only way out of the 'Profitable Growth' paradox is through innovation. It calls for continuous innovation.

Our strategy is to achieve sustainable profitable growth and grow our operations in existing and new markets. We are also working to expand in areas such as aerospace and defence. Our strategy is aligned across the Rane Group and tailored for each and every customer. We adapt the strategy to changing market developments and our insight into what our customers want.

We build our competitive advantage by understanding our customers better than competition. This enables us to see changing patterns in consumer trends and behaviour and develop targeted strategies in response. To drive our strategy, we have a Group-wide business and HR model. The model is a virtuous circle in which we continuously work to lower our cost base in order to invest in people, products and services. This allows us to drive sales, win

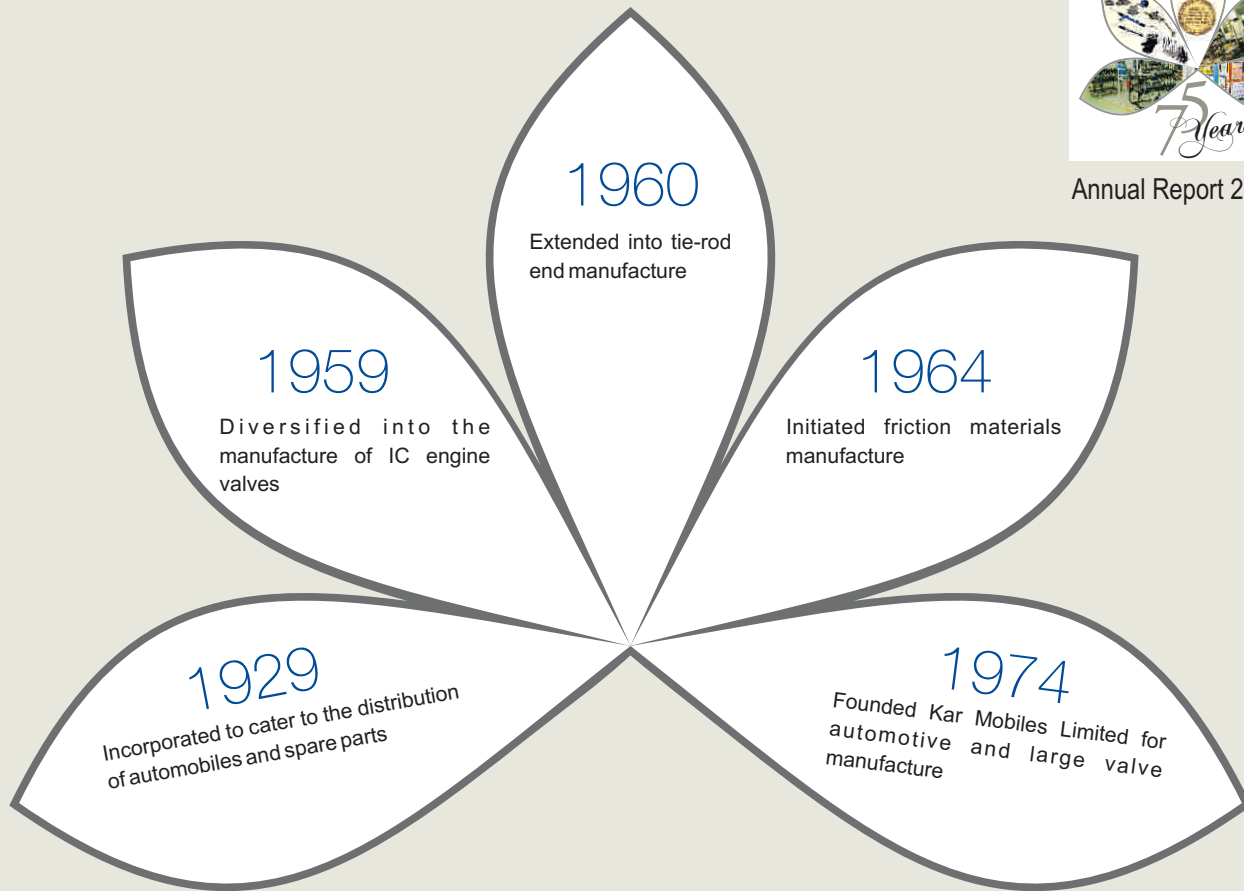
new customers and allocate capital to further grow our business. As far as HR management is concerned, we have streamlined our people policies to create leaders at every level (front line, middle and senior hierarchies) through internal and external mentoring and superior talent management systems.

Your company's consolidated PBT has grown from 2008-09 at a CAGR of 140%, while PAT has grown by 104% and this alone is proof of the impending optimism for the Rane Group.

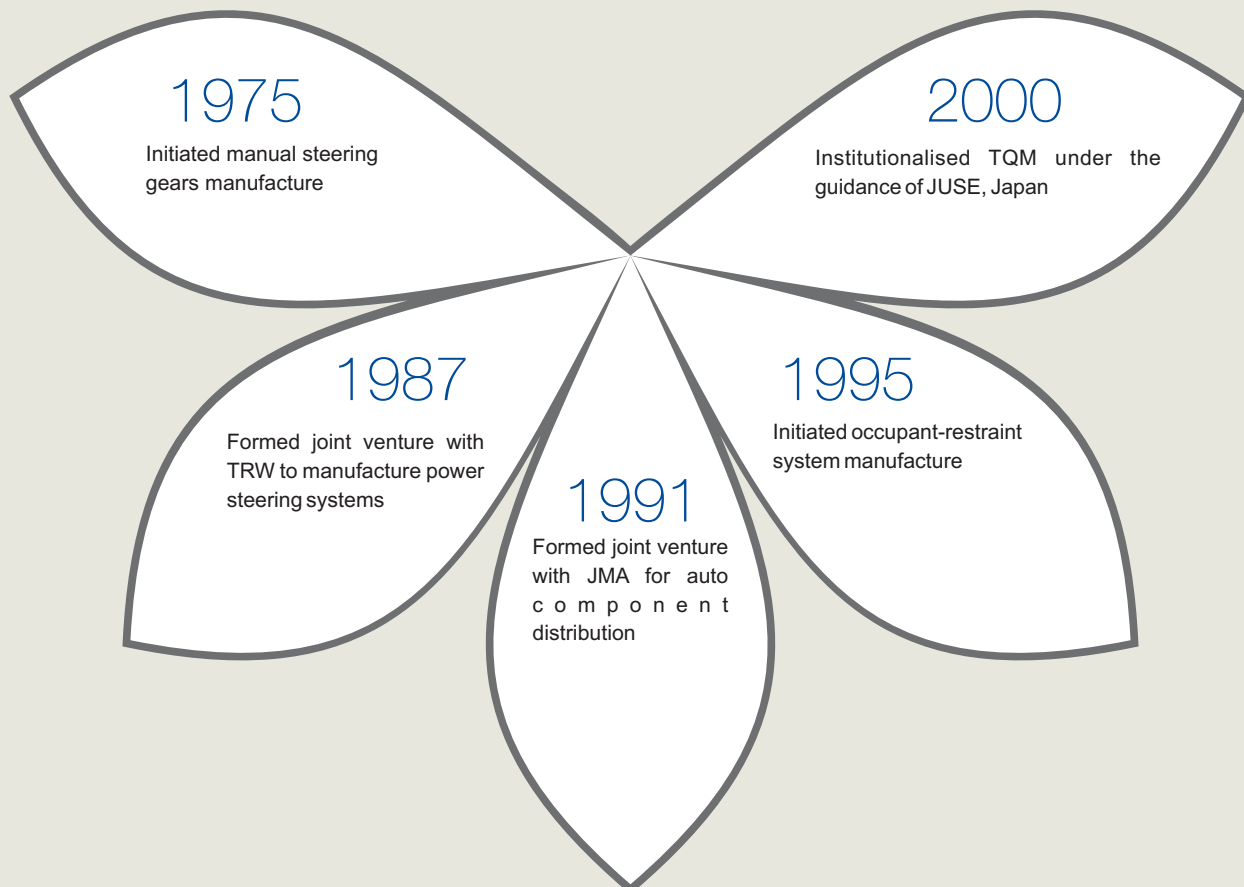
Going forward, the very low vehicle penetration in India (8 per 1000 population) compared with China (22 per 1000 population) clearly suggests the potential of the Indian market. Improvement in the urban road systems, highways and expressways, heavy investments in the power sectors are imperatives. The policy makers seem seized of the issues, but the speed of execution will remain the key determinant to success or failure.

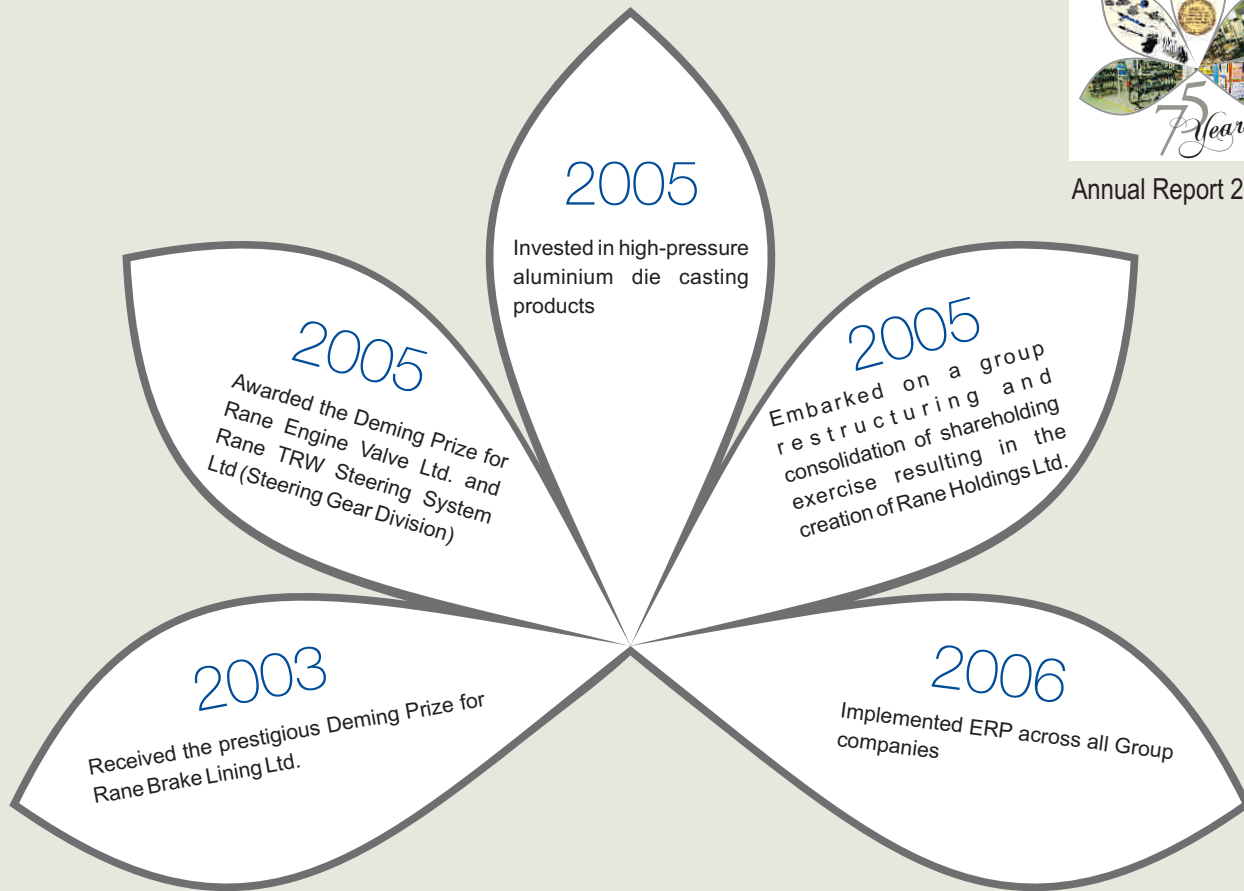
The auto components industry in India has the potential to grow at a CAGR of 13% to a size of USD 40 billion by 2015. In the short to medium term, there are concerns about deceleration of growth of the Indian economy in the wake of persistently high level of inflation and tighter monetary policy leading to higher interest rates. Notwithstanding these short term uncertainties, given the demographic advantage and the emergence of a large middle class, long term outlook for Indian industry and particularly the automotive sector continues to be positive.

“As we steadily cruise along in our 75th year of existence, we pledge to maintain and reinforce our leadership position as we move from strength to strength, trailing a decade of profitable growth.”

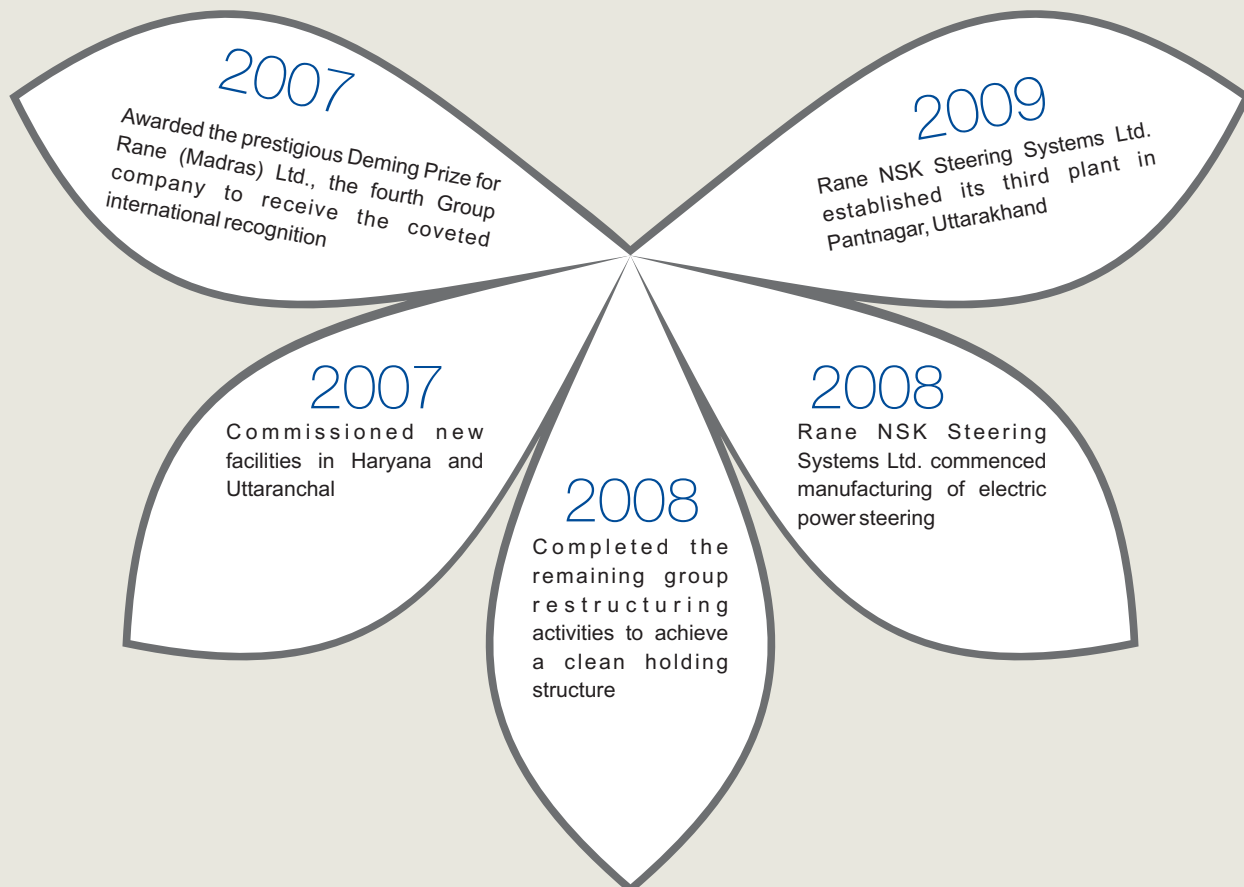


Milestones





Milestones





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Our Calling card

Background

- A 75-year-old Group with origins in distribution of automobiles and spare parts.
- Diversified out into auto components manufacture in 1959 and evolved as a market leader.
- The company was consolidated into Rane Holdings Limited in 2008.
- Promoters' stake of 43.25% in the Company's equity as on 31st March 2011.
- The group Crossed Rs.2000 Cr. turnover in the year 2010-11.

Products

- 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), occupant-restraint products (seat belt), high pressure die casting products, steering columns and electric power steering products, large engine valves for automotive and defense applications.
- Also introduced hydraulic fluid for power steering.

Location

- We are headquartered in Chennai, India.
- We have a Pan-India presence with 25 manufacturing facilities across seven States.
- We have manufacturing plants located in Chennai, Trichy, Hyderabad, Bangalore, Uttarakhand, Tumkur, Pondicherry, Mysore, Bawal, and Sanand.
- We have also launched our new production plant at Pantnagar, Uttarakhand.

Market Presence

- Globally benchmarked technological capabilities with rapid and continuous quality enhancement to strengthen domestic and global footprint.
- Comprises a marketing network with a dedicated marketing team for domestic and export markets. The Group exports more than 15% of its manufactured products.
- A promising product supply relationship with leading OEM customers in India with products offered to prestigious customers in 25 countries.



Highlights, 2010 - 11

Corporate

- Rane (Madras) Ltd. has set up a new factory in Sanand, Gujarat for dedicated supplies to Tata Nano.
- RHL divested 1% shareholding in Rane NSK Steering Systems Ltd. (JV Co.) in favour of the JV Partner, viz. NSK Ltd. pursuant to a new JV agreement executed.
- Rane TRW Steering Systems Limited extended into the production of hydraulic fluid for power steering systems.
- The Group invested in HR initiatives, widened managerial bandwidth and created a robust leadership pipeline of people.
- Rane Holdings Limited won the National award for 'Excellence in Training' from the Employer Branding Institute and figures in the top 40 Best Employers for the year 2010 -11.

- Kar Mobiles Limited won the Vendor award from Escorts Limited.
- Rane Engine Valve Limited won the award for Best in Class Performance in quality – PPM for 2010-11 from Ashok Leyland Ltd.
- Rane Engine Valve Limited was awarded the Certificate of Appreciation for Highest Delta improvement in Quality – SQMI for 2010-11 from Ashok Leyland Limited.

Financial

- 34% increase in turnover from Rs.16,629 million in 2009 - 10 to Rs. 22,232 million in 2010 - 11.
- 26% increase in PAT from Rs.748 million in 2009 - 10 to Rs. 945 million in 2010 - 11.

Turnover (Rs. millions)

2006-07	2007-08	2008-09	2009-10	2010-11
13,766	14,021	13,657	16,629	22,232

Exports (Rs. millions)

2006-07	2007-08	2008-09	2009-10	2010-11
1,660	1,964	2,155	1,829	3,182

Profit after tax (Rs. millions)

2006-07	2007-08	2008-09	2009-10	2010-11
1,164	963	256	748	945

Return on operating assets (%)

2006-07	2007-08	2008-09	2009-10	2010-11
31	17	8	17	21

Return on net worth (%)

2006-07	2007-08	2008-09	2009-10	2010-11
27	21	5	15	20



Technology

- Built collaborations with renowned auto industry players like:
 - TRW Inc. (the US)
 - NSK (Japan)
 - Nisshinbo Brakes Inc. (Japan)
- Rigorous training and internationally benchmarked technology transfer agreement enabled to enhance competencies

Clientele

- Our strong clientele base includes companies of international repute like Case New Holland (the UK), Deutz and Volkswagen (Germany), Electro Motive and John Deere (the US), among others
- Our 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 whose lasting association with us has facilitated in our brand evolution

Performance

- Achieved a significant Year on Year growth of 36%



Awards

- National award for 'Excellence in Training' from the Employer Branding Institute and figures in the top 40 Best Employers for the year 2010 -11
- Vendor award from Escorts Ltd.
- Award for Best in Class Performance in quality – PPM for 2010-11 from Ashok Leyland Ltd.
- Certificate of Appreciation for Highest Delta improvement in Quality – SQMI for 2010-11 from Ashok Leyland Limited
- 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 up-gradation from Brakes India (for 2008 -09)





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Icons of Excellence Our customers

At Rane, we believe that a business would cease to thrive, sans focus on customer engagement. We have been most fortunate to work with some of the best companies in the world, leaders in their own right, and icons of excellence in their chosen fields. We owe our existence and growth to their encouragement and sustained patronage. Our esteemed customers include:

Domestic

- Ashok Leyland ■ Cummins ■ Eicher ■ Escorts ■ Force
- Fiat ■ Ford ■ Hero Honda ■ Hindustan Motors ■ Honda
- Hyundai ■ General Motors ■ Mahindra ■ Maruti Suzuki ■ Renault
- Swaraj Mazda ■ TAFE ■ Tata ■ Toyota ■ TVS ■ Yamaha

International

- Audi, Hungary ■ Deutz, Germany ■ Electro Motive, USA
- John Deere, USA ■ Kubota, Japan ■ Lister Petter, UK
- Renault Dacia, Romania ■ Siam Kubota, Thailand
- TRW, Europe & USA ■ Volkswagen, Germany ■ Yamaha, Asia



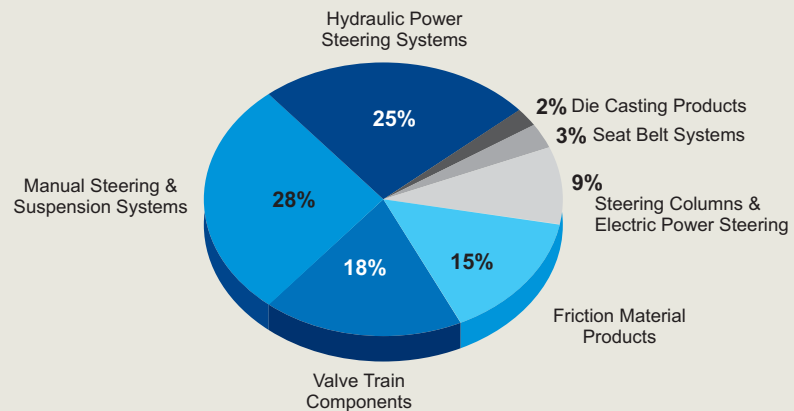


Products, companies and markets. Automotive component manufacture - our core competence

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).

Sales by Product Lines for year 2010 - 11

Rane Group sales for the year 2010 - 11:
INR 22,415 Million (500 Million USD)



	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.	Machine die cast products
	JMA Rane Marketing Ltd.	Distribution company for auto components (Rane and others)



Our manufacturing excellence

At any company, an edge in manufacturing represents a future cornerstone of profitable growth by reducing costs, increasing operating efficiencies and ensuring superior quality.

At Rane, we achieve Global Standards in Quality, Cost, Delivery, Technology and Services by adopting Total Quality Management (TQM) principles. Our relentless pursuit of TQM translated into four Rane Group companies achieving the coveted Deming Award and are now working towards Japanese Quality Medal

One of the major initiatives undertaken in Rane for improving manufacturing processes is Total Productive Maintenance. Rane's focus in TPM has been on equipment related pillars that is Autonomous Maintenance, Individual Improvement, Planned Maintenance and Education and Training.

This has resulted in gaining a competitive advantage over its competitors, controlling manufacturing costs and resulting in a holistic quality culture across the organization.

Gaining Competitive Advantage

Through TPM, the Group has been focusing on eliminating 16 major losses (8 related to machine utilization; 5 related to manpower utilization and 3 related to cost) to improve its Overall Equipment Efficiency (OEE). This has enabled it to move towards zero breakdown, zero defects, zero waste and zero accidents. The following is the ultimate outcome:

Superior product quality and services

- Lower unit cost
- Flexibility in operations to meet market fluctuations
- Manufacturing cost
- The focus on increasing OEE has had a significant impact on manufacturing cost structure in terms of cost avoidance, cost reduction and also quality improvement.

At Rane, the Group is continuously investing in creating modern manufacturing facilities:

- Commissioned a ball joint line and an engine valve line
- Invested in state-of-the-art product development and testing capabilities: CAD/CAE Software - CATIA, PRO-E, IDEAS, ADAMS, Diesel Engine Test Bed for Engine Components, Computer Controlled Test Rig for Ball Joints, Torsion Bar Test Rig for Power Steering Gear Components, Dust Seal Test Rig for Ball Joints, Railway Dynamometer for Composite Brake Blocks, Multi Gauging Testing Equipment for Engine Valves





Leveraging technology alliances to deliver superior performance

Relationships with our technology partners like TRW Inc. (the US), NSK (Japan) and Nisshinbo Brake 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 2009-10. The growing size of its transaction volume vindicates its global client-servicing capabilities (over 40 major vehicle manufacturers), emerging as a leader in all primary product categories.



NSK, Japan

Energy Absorbing Steering Columns, Electric Power Assisted Steering Systems and Manual RCB Steeeng Gears.

NSK Ltd is recognised as a leader in the manufacture of bearings, automotive components and precision machinery and parts. It recorded a robust 710 billion Yen turnover in 2010-11. Its global clientele is spread across 26 countries and manufacturing operations are conducted from 63 international locations.



Nisshinbo Brakes Inc., Japan

Brake Linings, Disc Pads, Clutch Facings.

Nisshinbo Brakes Inc., Japan is a reputed manufacturer of friction materials for automotive brakes, brake assemblies and anti-lock brake systems. The Company generated a 46.12 billion Yen turnover in 2010-11 and embarked on the manufacture of fibres, textiles, chemicals, paper products and precision instruments to widen its business presence.

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 15 % of total revenue.



Superior people management systems

For any organisation to succeed and register profitable growth, it is imperative to streamline its people practices and policies in alignment with the business objectives of the company.

Rane Group's competent people force is its reason for its smooth growth, efficiency, innovation, profits and products. 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 Group's initiatives for 2010-11 comprised the following:

- Rane Institute for Employee Development (RIED) delivered over 7,500 mandays of training during the year.
- Rane launched a Strategic Leadership Program (SLP) that focuses on Business leadership, People leadership & Self leadership facilitated by leading professors at IIM-Bangalore, for the senior management team.
- RAMP (Rane Advanced Management Programme) and Rane Emerging Manager Program (REMP) grooms individuals with potential and demonstrated competence for leadership position. Training was imparted on business issues coupled with post-programme mentoring with special focus on strengthening conceptual skills, followed by experiential learning and customised coaching.
- Rane Operators Competency Enhancement, ROCE II, for workmen covered about 400 employees for 3 days each, during this year. The management plans to train 2000 more going forward.
- One of the key initiatives towards making Rane a Great Place to Work was the roll out of the 'Employer Brand Promise' which is to create an exciting workplace founded on principles of values, fairness and transparency that provides challenging assignments, encourages learning and enhances career opportunities.
- The Group has also brushed up its Performance Management System after a fine study of the best practices, bringing in more focus on Innovation.
- Ensuring continuous improvement and Total Employee Involvement (TEI) culture form the foundation for operational excellence through TQM. Employees are encouraged to involve themselves in continuous improvement initiatives through QITs, QCCs and suggestion schemes.
- Rane won the National Award for Excellence in Training and figured in the top 40 best employers in the year 2010-11 by the Employer Branding Institute.
- 'PSG Rane Centre for Manufacturing System' was set up in association with PSG College of Technology, Coimbatore, to provide application oriented technical education to technical professionals. The centre has a large number of testing and other equipment to provide practical inputs to trainees from Rane Group and outside.
- The Group has joined hands with IIM Bangalore and IIT Madras to build a lasting organizational capacity for leadership, innovation and in Materials Science. It now has an Apex council, headed by Chairman with senior business leaders, HR head and an IIM Professor as members, which meets several times a year in order to formulate, review progress and fine tune the training and leadership development initiatives.





CSR at Rane

Environment sensitivity and community development initiatives

Corporate social responsibility is the cornerstone of sustainable growth and in order to aid the future decade of profitable growth at Rane, special focus on the triple bottomline is an important criterion. While a focus on sustainability exists in the Group's businesses today, it must become an enterprise-wide commitment with experiences, successes and behaviours replicated across the organization.

Our social responsibility vision at Rane is "to be a socially and environmentally responsible corporate citizen".

While it is imperative and logical that development and progress at the cost of clean air and water is hazardous and short-lived, it is certainly not an easy task to administer the impasse between the unavoidable exploitation of resources needed to satisfy the needs of present in order to progress without compromising the long term interest of the future generations. Rane's extensive investment towards environment compliance enhances the confidence of its stakeholders, drives value creation and strengthens competitive positioning.

At Rane, we continuously review our processes to make them cost effective and environmentally better. Twenty plants of the Rane Group are accredited to ISO 14001 certification. Certain various water conservation and harvesting initiatives have also been undertaken at various facilities in 2010 - 11.

The Group is committed to the overall development of the community where it exists. In order to do this, the company focuses extensively on education for children, which is inevitable to accomplish and sustain progress. The Rane Foundation, which is a public charitable and educational trust, channelizes all CSR activities of the Group. During the year under review, The Rane Foundation has built a Polytechnic College near Trichy with contributions from the Rane group companies. The first academic year is about to commence in 2011.

Rane has been supporting a Government aided Girls High School in Chennai by providing financial assistance for improving infrastructure facilities, hiring additional teaching staff and imparting training to the teachers.

Rane provides regular financial assistance to the largest eye care hospital in Chennai to support their efforts to deliver free eye treatment and surgeries to eligible sections of the society.





Report of the Directors

Your Directors take the pleasure in presenting the 75th annual report together with the accounts for the year ended March 31, 2011.

1. Financial performance:

Your Company's investment profile is as given below:-

Sl. No.	Name of Investee Company	Products	Ownership of your Company
Subsidiary companies			
1	Rane (Madras) Ltd.	Manual steering and suspension systems	53.6%
2	Rane Engine Valve Ltd.	Valves, valve guides, tappets	53.6%
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	49.0%
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%

The Company's income stream comprises of (i) dividend from the above investments, (ii) trademark fee for use of 'RANE' trademark and (iii) service fee from the group companies for providing services in the areas of management, information technology, business development and infrastructure.

The financial highlights of the year under review are as follows: -

	(Rs. million)	
	2010 - 11	2009 - 10
Income	484.21	451.41
Profit on sale of Agricultural Land	184.67	-
Profit before tax	431.37	273.87
Provision for tax	31.08	22.56
Profit after tax	400.29	251.31
Surplus brought forward	311.86	215.30
Amount available for appropriation	712.25	466.61



2. Appropriation

Profit available for appropriation is Rs.712.25 million. Your directors have declared and paid an interim dividend of 75% on the equity capital for the year ended March 31, 2011 and are pleased to recommend a further 50% as final dividend making for a total dividend for the year of 125%. The amount on this account inclusive of net tax on distributed profits and surcharge thereon, works out to Rs.202.40 million leaving the company with retained profits of Rs.512.35 million. Out of this, Rs.40.03 million is being transferred to the General Reserve and Rs.472.32 million being retained as surplus in the Profit and Loss Account.

3. Management Discussion & Analysis

The main activity of the Company is investing in Rane group companies that are engaged in the manufacture and marketing of auto components. The discussion and analysis of the automotive industry, group companies' performance etc. is given below:

a. Industry Structure and Developments:

Automotive Industry:

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

Source: Society of Indian Automobile Manufacturers

Domestic

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

Exports

In the export market, the recovery in volumes from the later part of the year 2009 -10, continued in the year 2010 -11. The recovery of the US market helped increase in volumes and this complemented the growth in domestic volumes to help achieve higher sales performance.

The United States Dollar, the currency on which the Rane group companies mostly export, was relatively stable during the year. The strengthening of the rupee was marginal and the fluctuations were handled well with robust forex policy.

Aftermarket

Rane Group companies are significant players in the aftermarket segment also. The aftermarket growth during the previous year was more than fifteen percent.

b. Financial and operational performance

With a growth of 48% over that of the previous year, your Company's total income stood at Rs.668.88 million. The total income included Rs.184.67 million being profit on sale of agricultural land. Significant increase in sales of the group companies during last year resulted in your company earning an income from Trade Mark fee of Rs.108.68 million compared to Rs.78.65 million in the previous year. The service fee income had increased to Rs.197.54 million as against Rs.157.49 million in the previous year. The total dividend received during the year under review from the Group companies was Rs.156.02 million as against Rs.209.76 million reported in the previous year.

The profit after tax was Rs.400.29 million when compared to Rs.251.31 million in the previous year. The earnings per share registered a steep growth at Rs.28.04 over Rs.17.60 in the previous year.

c. Performance of Group companies

Rane Group companies operate in a single segment of manufacturing and marketing of automotive components such as steering linkages products, manual steering gears, power steering gears that includes both hydraulic and electric power assisted steering systems, steering columns, seat belts, brake linings and disc pads, engine valves etc.

An overview of the performance of Rane group companies during the year 2010 -11 is presented below:

(I) Subsidiary companies

i. Rane (Madras) Limited (RML)

RML grew by 39%, ending the year 2010 -11 with a sales and operating revenue of Rs.5,839.87 million. The operating profit for the year under review was Rs.308.37 million as against Rs.200.41 million in the previous year,



representing an increase of 54%. Company's continued focus on cost controls and efficiency of operations at a higher level of volumes helped achieving a healthy profitability. The Company's effective hedging policy minimized currency fluctuation risk on realisation of export proceeds. Strong performance of RML pushed up the earnings per share to Rs.24.18 from Rs.13.59.

ii. Rane Engine Valve Limited (REVL)

With growth of 22% over that of the previous year, the sales and operating revenues of REVL were at Rs.2,884.54 million. The operating profit for the year under review was Rs.161.24 million as against Rs.70.01 million in the previous year, representing an increase of 130%. This was achieved not only due to a robust growth in sales but also effective cost reduction initiatives, consistent and stable output and a reasonably stable raw material cost trend for major part of the year. The earnings per share for the year 2010-11 steeply increased to Rs.20.97 from Rs.8.35 during the previous year.

iii. Rane Brake Lining Limited (RBL)

RBL registered a strong growth of 29% over the previous year, with the sales and operating revenues at Rs.3,058.41 million. The operating profit for the year under review was Rs.196.66 million as against Rs.149.33 million for the previous year. The impact of higher input costs were contained with cost control measures and improved operational efficiencies. The earnings per share for the year 2010-11 was Rs.19.31 as against Rs.12.78 in the previous year.

iv. Rane Diecast Limited (RDL)

The sales was Rs.407.50 million, higher compared to the previous year by 87%. The loss before tax for the year was Rs.53.94 million as against loss before tax of Rs.47.81 million in the previous year due to increase in repairs and maintenance costs, power & fuel cost and premium freight. In recognition of its production capabilities RDL has received export orders, execution of these orders commenced during the last quarter of this year. The volume of exports are expected to be significantly higher in the next year and with productivity improvement & cost rationalization measures, the Company is expected to turn profitable in the near term.

(II) Joint Venture companies

i. Rane TRW Steering Systems Limited (RTSSL)

The sales and operating revenue of RTSSL grew by 43%

over the previous year to Rs.5,752.48 million. Due to the healthy increase in sales, the profit before tax increased from Rs.613.68 million to Rs.721.08 million registering an increase of 18%. Although the profits of the Company was affected due to higher delivery costs, the continued focus on cost controls and efficiency of operations at a higher level of volumes helped in achieving a healthy profitability.

ii. Rane NSK Steering Systems Limited (RNSSL)

Consequent to the introduction of NSK designed Electric Power assisted Steering system (EPS) during 2008, your Company signed a new joint venture agreement with NSK Ltd., Japan (NSK). Taking cognizance of the changing dynamics of the market, technology advancement in the Indian Auto component industry and for providing better service to customers, your Company had transferred 1% of shareholding in RNSSL to NSK. Accordingly, the shareholding of your Company in RNSSL has become 49%. Majority shareholding in the Company held by NSK will enhance its commitment to the Indian market, its global customers and would facilitate quicker response to customer needs in terms of value added products and latest technology.

The sales and operating revenue of RNSSL has marginally increased by 8% to Rs.1,758.60 million. The loss before tax for the year 2010-11 was Rs.33.17 million as against profit before tax of Rs.81.47 million in the previous year. One of the main causes for the loss, apart from the loss of contribution on account of reduced sales of electrically power assisted steering systems, was on account of incurrence of premium freight primarily due to inability of RNSSL's suppliers to supply child parts on time. Another contributing factor was the lag in implementation of cost savings projects due to delay in obtaining customer approval.

iii. JMA Rane Marketing Limited (JMA Rane)

JMA Rane is a joint venture company between your Company and Jallundur Motor Agency Company Ltd. JMA Rane is a trading company dealing with automobile components. The provisional accounts of JMA Rane for the year ended March 31, 2011 has been used for consolidation. During the year under review, the sales of JMA Rane increased to Rs.504.97 million from Rs.445.27 million in the previous year. The profit before tax was Rs.34.47 million which was a marginal reduction from that of Rs.35.28 million in the previous year. This was mainly due to mix and pressure on price realisations.



(III) Associate company

Kar Mobiles Limited (KML)

The sales and operating revenue of KML at Rs.959.37 million is an increase of 15% over that of the previous year. The Profit Before Tax for the current year was Rs.47.76 Million as against Rs.44.43 million in the previous year. Remedial measures taken by the Company to mitigate exchange risk, implement productivity and yield improvement projects to contain employee and raw material costs have resulted in the marginal increase in the Profit Before Tax. The earnings per share for the current year was Rs.13.99 as against Rs.13.07 during the previous year.

d. Outlook

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

Prices of commodities like steel, aluminum have already hardened and the cascading effect would impact on all commodity prices.

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

Increase in the interest rates and tightening in the liquidity in the market could moderate the buoyancy in the growth seen hitherto.

e. Strengths, opportunities, threats and risks

Rane Group's strength continues in areas of:-

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

and the group would strive in its efforts to develop and improve in these areas of its strengths.

India's process engineering skills applied to the redesigning of production processes, raw material availability, quality assurance and availability of technically skilled manpower has provided a distinct global advantage of cost and quality. On these strengths, India has become

not only a major auto components outsourcing hub for several automobile manufacturers but also made global OEMs' to set up and make their Indian operations the hub for global supply. All these have provided your company opportunity for accelerated growth.

The preparedness in development of new products and meeting capacity requirements in time are key in realising the full benefits of the opportunity.

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

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

f. Internal control systems and risk management

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

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

g. Human resource development and industrial relations

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



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

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

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

Rane Group won the prestigious National Award for "Excellence in Training" from the Employer Branding Institute and figures in the top forty Best Employers for the year 2010-11.

As at the end of March 31, 2011, the total number of employees stood at 62.

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:-

a. Subsidiary companies – each line item of income, expenditure, assets and liabilities have been consolidated one hundred percent. Minority interests have been appropriately considered.

b. 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.

c. Associate company – share in the profit after tax based on the percentage of share held has been consolidated.

The Ministry of Corporate Affairs (MCA), New Delhi, vide general circular No. 2/2011 dated February 8, 2011, has granted a general exemption to companies from attaching the subsidiaries' financial statements, subject to complying with conditions stated in the circular. In reply to the application made by the company ahead of this general exemption, the company also received a specific confirmation from MCA vide letter No.47/171/ 2011-CL-III dated February 15, 2011 referring the general exemption and directing compliance with the same.

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, duly audited by the auditors, as required by the said circular, is disclosed in the Annual Report. The Company undertakes that it will make available a soft or hard copy of the annual report and annual accounts of the subsidiary companies and the related detailed information to investors, as may be required by them, 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 does not accept any deposit falling under the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder.

6. Board of Directors

Mr. Krishnan S Waran and Mr. Shujaat Khan retire by rotation and being eligible, offer themselves for reappointment.

Mr. Anjanikumar Choudhari was co-opted as an Additional Director by the Board of Directors at the meeting held on October 27, 2010. He holds office upto the ensuing Annual General Meeting. Notice has been received from a shareholder signifying the intention to propose the appointment of Mr. Anjanikumar Choudhari as Director of the Company at the ensuing Annual General Meeting.



During the year, subject to approval of shareholders at the ensuing annual general meeting, Mr. L Lakshman was re-appointed as Managing Director of the Company in the designation of Executive Chairman and Mr L Ganesh was re-appointed as Joint Managing Director of the Company in the designation of Vice-Chairman, for a period of three years with effect from April 1, 2011.

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 2010-11. The foreign exchange outgo was Rs.13.40 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 and M/s Deloitte Haskins & Sells, Chartered Accountants, Chennai, the Joint statutory auditors of the Company retire at the ensuing Annual General Meeting. M/s D Rangaswamy & Co., have expressed a desire to relinquish the audit. Your directors wish to place on record appreciation of the services rendered by them during their association with the company.

M/s Deloitte Haskins & Sells have expressed their willingness to continue as statutory auditors of the company. The company has received letter from 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 (CSR)

The vision of Rane Group on Corporate Social Responsibility (CSR) is **"To be a socially and environmentally responsible corporate citizen."**

Education, Healthcare and Environment are the core themes of Rane's CSR programmes.

CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and education trust. As a major step in the field of education, Rane is establishing an Engineering Polytechnic College in Tiruchirapalli.

Rane's environment conservation and sustainability initiatives include wind power generation, water conservation and waste management.

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

Chennai
May 30, 2011



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, 2011.

Sl. No	Name	Age (yrs)	Designation / Nature of Duties	Date of commencement of employment	Remuneration (Rs.)	Qualification	Experience (yrs)	Particulars of Last Employment
1	L Lakshman	64	Executive Chairman	01.04.2008	12,570,574/-*	B.E, Executive MBA from London Business School	41	Rane Brake Lining Limited, Managing Director
2	L Ganesh	57	Vice- Chairman	01.08.2009	8,083,472/-	B.Com, ACA, MBA	32	Rane Engine Valve Limited, Chairman & Managing Director

* Includes commission

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 employees are 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 30, 2011

L Lakshman
Executive Chairman

L Ganesh
Vice - Chairman



ANNEXURE - B to the Report of the Directors

Corporate Governance

1. Philosophy on Code of Governance

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

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

2. Board of Directors

The Board of the company consists of **Eight Directors**. The composition of the Non-Executive directors (75%) and Independent Directors (62.5%) is in conformity with

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

The Board met Five (5) times during the financial year on May 28, 2010, July 29, 2010, October 27, 2010, February 3, 2011 and March 26, 2011. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below:

Name of the Director	Category	No. of Board meetings attended	Whether attended last AGM	Number of Directorship in # other companies		Number of Committees @	
				Chairman	Member	Chairman	Member
Mr. L Lakshman	Executive Chairman & Promoter	5	Yes	-	11	5	5
Mr. L Ganesh	Executive Vice-Chairman & Promoter	4	Yes	7	3	2	8
Mr. Harish Lakshman	Non-Executive Director & Promoter	5	Yes	-	7	2	2
Mr. V Narayanan	Non-Executive & Independent Director	5	Yes	1	7	3	2
Mr. Krishnan S Waran	Non-Executive & Independent Director	5	Yes	-	2	2	1
Mr. Ravi Vira Gupta	Non-Executive & Independent Director	5	Yes	-	6	2	4
Mr. Shujaat Khan	Non-Executive & Independent Director	5	Yes	-	2	1	-
Mr. Anjanikumar Choudhari ¹	Non-Executive & Independent Director	3	NA	1	1	-	1

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

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

1 - Appointed as a Director w.e.f. October 27, 2010



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 proceedings of the meetings of other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures etc. are placed before the Board of Directors.

3. Audit Committee

Overall purpose / objective

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

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

1. Discuss the scope of audit and post-audit area of concern, if any, with Statutory Auditors and Internal Auditors.
2. Recommending the appointment of Statutory Auditors 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
Mr. V Narayanan - Member - Independent Director
Mr. L Ganesh - Member - Executive Director
Mr. Ravi Vira Gupta - Member - Independent Director

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 (4) times during the year on May 28, 2010, July 29, 2010, October 27, 2010 and February 3, 2011

Name of the Director	No. of meetings attended
Mr. Krishnan S Waran	4
Mr. L Ganesh	3
Mr. V Narayanan	4
Mr. Ravi Vira Gupta	4

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

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

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

4. Remuneration Committee and Remuneration to Directors

During the year 2010 -11, the company has paid sitting fees of Rs.20,000/- for attending each meeting of the Board, Rs.5,000/- for attending each meeting of the Audit Committee 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. Harish Lakshman	110,000
Mr. V Narayanan	120,000
Mr. Krishnan S Waran	120,000
Mr. Shujaat Khan	100,000
Mr. Ravi Vira Gupta	120,000
Mr. Anjanikumar Choudhari	60,000

Mr. L Lakshman and Mr. L Ganesh are paid remuneration in their capacity as “Managing Director” and “Joint Managing Director” respectively, as per the provisions of Schedule XIII to the Companies Act, 1956. The remuneration paid to them for the year ended March 31, 2011 is given in Note 6.2 - Notes on Accounts. No sitting fee is paid to Mr. L Lakshman and Mr. L Ganesh.

The overall managerial remuneration is within the limits prescribed under Companies Act, 1956. The employment of Mr. L Lakshman and Mr. L Ganesh is contractual. There is no severance fee payable to them. The Company does not have any stock option scheme.

Number of shares held by the Directors:

Name of the Director	No. of shares
Mr. L Lakshman	560,075
Mr. L Ganesh	746,404
Mr. Harish Lakshman	112,317

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

5. Code of conduct

The board of directors has laid down a code of conduct for all board members and senior management of the Company 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.

6. Investors' Service Committee

An 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 composition of committee is as follows:

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 (4) times during the year on May 28, 2010, July 29, 2010, October 27, 2010 and February 3, 2011.

Name of the Director	No. of meetings attended
Mr. L Ganesh	3
Mr. L Lakshman	4
Mr. Harish Lakshman	4

During the year, the Company received 24 complaints from the investors and all of them were resolved to the satisfaction of the shareholders. The complaints pertain to non-receipt / 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.

7. General Body Meetings

Details of last three Annual General Meetings are as follows:

Date of AGM	Special Resolutions Passed	Time	Venue
July 29, 2010 (Thursday)	NIL	10.30 a.m.	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014
July 30, 2009 (Thursday)	NIL	10.30 a.m.	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014
July 30, 2008 (Wednesday)	Re-appointment of Mr. L Lakshman as Managing Director	10.15 a.m.	Narada Gana Sabha (Main Hall), 314, TTK Road, Chennai 600 018



Postal Ballot

In March 2011, a special resolution increasing the limits under Section 372A of the Companies Act, 1956, for giving inter-corporate loans, guarantees, providing securities or making further investments in Rane Diecast Limited, subsidiary company, was passed by the shareholders through postal ballot. Mr. R Balasubramaniam, Practising Company Secretary acted as scrutinizer for conducting the postal ballot process in a fair and transparent manner. The results of the postal ballot was declared by the Chairman on March 18, 2011 and the voting pattern is as follows:

Particulars	No. of Postal Ballot Forms received	No. of Shares	% to total votes cast
No. of valid postal ballot forms received	521	7,145,531	99.99%
Votes in favour of the resolution	491	7,141,623	99.93%
Votes against the resolution	30	3,908	0.06%

8. 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. L Lakshman (HUF)	11. Ms. Rathika R Sundaresan & family
4. 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 has 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.

No remuneration committee meeting was required to be held during the year. The Company has not adopted a formal Whistle Blower policy. However, being a transparent organisation, the Company permits access to its employees to approach the top management on any critical issue. The present board consists of professional and well-experienced members, hence training and evaluation of the performance of the non-executive directors are not practiced.

9. Means of Communication

The quarterly / annual financial results would be published in "Business Standard" and "Dinamani" (Tamil). The financial results were uploaded in the website of the Company viz. <http://rane.co.in>. Presentation/s made to the analysts / institutional investors are published in the website of the Company. A Management Discussion and Analysis report is a part of the Annual Report.



10. General Shareholder Information

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

Name of the Director	Mr. Krishnan S Waran	Mr. Shujaat Khan	Mr. Anjanikumar Choudhari
Father's name	Mr. K Appu Iyer	Mr. Shaheryar Khan	Mr. Ramshankar Choudari
Date of birth	December 13, 1945	January 18, 1970	April 22, 1944
Educational qualifications	Post graduate in Commerce and Financial Management	BA, MBA (USA)	BA, Masters in Management Studies
Experience	41 years of experience in the field of financial consultancy	19 years of rich industrial experience	42 years of rich industrial experience
Date of appointment	January 30, 2004	October 29, 2007	October 27, 2010
Other directorships	<ol style="list-style-type: none"> Goa Glass Fibre Ltd. Gitanjali Gems Ltd. Interactive Realities International (P) Ltd. Interactive Entertainment (P) Ltd. Sangamam Homes (P) Ltd. Digital Brands India (P) Ltd. 	<ol style="list-style-type: none"> KPR Mills Ltd. KMC Constructions Ltd. 	<ol style="list-style-type: none"> Mahindra Logistics Ltd. Bristlecone Ltd.
Committee Memberships	Chairman - Audit <ol style="list-style-type: none"> Rane Holdings Ltd. Goa Glass Fibre Ltd. 	Chairman - Audit <ol style="list-style-type: none"> KMC Constructions Ltd. 	Member - Audit <ol style="list-style-type: none"> Mahindra Logistics Ltd.
	Member - Audit <ol style="list-style-type: none"> Gitanjali Gems Ltd. 	Chairman - Compensation Committee <ol style="list-style-type: none"> KMC Constructions Ltd. 	Member - Remuneration Committee <ol style="list-style-type: none"> Mahindra Logistics Ltd.
	Member - Remuneration Committee <ol style="list-style-type: none"> Rane Holdings Ltd. Gitanjali Gems Ltd. Goa Glass Fibre Ltd. 	Member - Compensation Committee <ol style="list-style-type: none"> KPR Mills Ltd. 	
No. of shares held	NIL	NIL	NIL

ii) Annual General Meeting

August 5, 2011 at 10.15 a.m
 Narada Gana Sabha (Main Hall)
 314, T.T.K Road, Chennai - 600 018

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

Financial Calendar

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2011	May 30, 2011
Un-audited results for the first quarter ending June 30, 2011	August 5, 2011
Un-audited results for the second quarter ending September 30, 2011	November 7, 2011
Un-audited results for the third quarter ending December 31, 2011	February 6, 2012
Annual Accounts for the year ending March 31, 2012	By last week of May 2012

iv) Book Closure & Dividend

The book closure period is from July 30, 2011 (Saturday) to August 5, 2011 (Friday), both days inclusive.

Dividend:

During the year, the Board of Directors declared an interim dividend of Rs.7.50 per equity share and the same was paid on February 22, 2011 to all eligible shareholders whose name appeared in the Register of Members of the Company on February 15, 2011.

The Board of directors at its meeting held on May 30, 2011, has recommended a final dividend of Rs.5/- per equity share. The dividend, if declared by the shareholders, will be paid on August 11, 2011 to all those members whose names appear in the Register of Members as on August 5, 2011 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 29, 2011 as per the details furnished by the Depositories.

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 2011-12 have been paid to all the stock exchanges where the shares of the company are listed.

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	Dividend per share (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2011) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2005	20.07.2005	2.50	87,037.50	24.08.2012	22.09.2012
31.03.2006*	31.01.2006	2.50	53,962.50	06.03.2013	04.04.2013
31.03.2006	28.07.2006	2.00	54,252.00	31.08.2013	29.09.2013
31.03.2007*	24.01.2007	3.00	69,888.00	27.02.2014	28.03.2014
31.03.2007*	20.03.2007	4.50	118,980.00	25.04.2014	24.05.2014
31.03.2008*	27.03.2008	6.00	507,516.27	01.05.2015	30.05.2015
31.03.2009*	29.01.2009	4.00	346,736.00	05.03.2016	03.04.2016
31.03.2010*	29.01.2010	6.00	517,692.00	05.03.2017	03.04.2017
31.03.2010	29.07.2010	2.00	281,904.00	02.09.2017	01.10.2017
31.03.2011*	03.02.2011	7.50	1,021,470.00	10.03.2018	08.04.2018

*Interim Dividend

Unpaid dividend pertaining to interim dividend declared for the financial year ended March 31, 2004 aggregating to Rs.27,452/- was transferred to IEPF in May 2011.

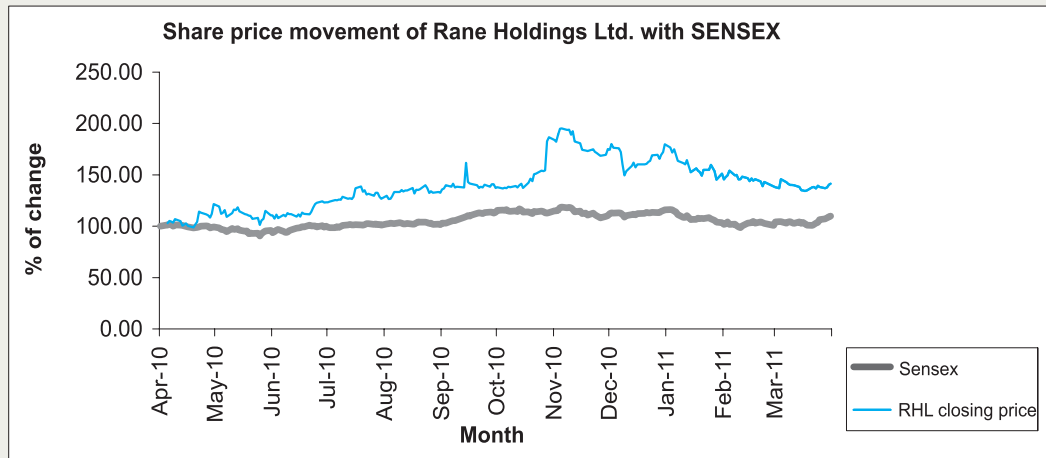
No unpaid / unclaimed dividend was required to be transferred to IEPF during the financial year 2010-11.

vii) Share Price Data

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

Month	National Stock Exchange of India Ltd. (NSE)				Bombay Stock Exchange Ltd. (BSE)			
	Share Prices (Rs.)		NSE S&P Nifty		Share Prices (Rs.)		BSE Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2010	213.70	175.60	5374.65	5203.65	215.65	175.25	17970.02	17380.08
May 2010	210.35	182.05	5222.75	4806.75	210.95	179.70	17386.08	16022.48
June 2010	220.50	189.95	5353.30	4970.20	220.05	190.15	17876.55	16572.03
July 2010	243.95	217.10	5449.10	5235.90	245.70	218.60	18130.98	17441.44
August 2010	248.20	222.80	5543.50	5402.40	247.95	224.30	18454.94	17971.12
September 2010	287.05	242.00	6035.65	5471.85	286.65	240.75	20117.38	18205.87
October 2010	331.80	241.65	6233.90	5982.10	330.65	242.55	20687.88	19872.15
November 2010	345.65	299.90	6312.45	5751.95	345.80	298.75	21004.96	19136.61
December 2010	320.00	261.90	6134.50	5766.50	319.25	264.95	20509.09	19242.36
January 2011	314.50	259.35	6157.60	5505.90	313.05	257.40	20561.05	18327.76
February 2011	274.25	237.05	5546.45	5225.80	273.15	245.70	18506.82	17463.04
March 2011	254.80	238.35	5833.75	5364.75	258.70	238.00	19445.22	17839.05

(Source: BSE www.bseindia.com ; NSE 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: corpser@iepindia.com

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

ix) Share Transfer System

The power to approve transfer of shares has been delegated by the Board to the share transfer committee. Share transfer process is completed within 30 days from the date of receipt 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, 2011

No. of shares held	Folio		Shares	
	Number	%	Number	%
Upto 500	8,906	88.84	887,413	6.22
501-1000	478	4.77	352,131	2.47
1001-2000	260	2.59	369,914	2.59
2001-5000	189	1.88	559,924	3.95
5001-10000	83	0.82	585,578	4.14
10001-20000	46	0.46	679,830	4.76
20001-50000	27	0.27	818,299	5.73
50001-100000	16	0.16	1,190,683	8.34
100001 & above	21	0.21	8,834,037	61.80
Total	10,024	100.00	14,277,809	100.00

**xi) Pattern of Shareholding as on March 31, 2011**

Sl. No.	Category	No. of Folios	No. of Shares	% to total capital
A	Promoters	27	6,174,655	43.25
B	Mutual Funds & UTI	6	543,849	3.81
C	Banks, Financial Institutions & Insurance Companies	16	686,241	4.81
D	Foreign Institutional Investors (FIIs)	4	226,380	1.59
E	Private Corporate Bodies	270	2,361,081	16.53
F	Indian Public and others	9,566	4,221,197	29.56
G	Non-Resident Indians	135	64,406	0.45
	Total	10,024	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, 2011, about 94.86% of the shareholdings have been dematerialised.

Demat ISIN Number: **INE 384A01010**

Corporate Identification Number (CIN) : **L35999TN1936PLC002202**

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
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



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

To

The Members

RANE HOLDINGS LIMITED

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2011

Chennai

May 30, 2011

L. Lakshman
Executive Chairman

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

To

The Members

RANE HOLDINGS LIMITED

1. We have examined the compliance of the condition of the Corporate Governance by Rane Holdings Limited for the year ended 31st March 2011 as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchange.
2. The compliance of the condition 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 condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us, we certify that company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
4. 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
Chartered Accountants
(Registration No.003073S)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B.RAMANI
Partner
(Membership No.19603)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

Chennai
May 30, 2011



Financial Information of Subsidiary Companies

(Rs. ' 000)

SI No.	Particulars	Name of the Company			
		Rane Brake Lining Limited 31.03.2011	Rane Diecast Limited 31.03.2011	Rane (Madras) Limited 31.03.2011	Rane Engine Valve Limited 31.03.2011
1	Reporting Currency	INR	INR	INR	INR
2	Capital	79,150	157,781	101,641	51,510
3	Reserves & Surplus	789,182	58,201	884,120	849,707
4	Total Assets	1,593,941	623,722	1,796,335	1,864,697
5	Total Liabilities	1,593,941	623,722	1,796,335	1,864,697
6	Investments	-	-	-	-
7	Turnover / Total Income	3,083,168	415,660	5,850,661	2,897,040
8	Profit / (Loss) before Taxation	196,659	(53,937)	308,365	161,238
9	Provision for Taxation	43,835	(7,482)	62,600	53,204
10	Profit / (Loss) after Taxation	152,824	(46,455)	245,765	108,034
11	Proposed Final Dividend	20%	NA	25%	20%

For and on behalf of the Board

Chennai
May 30, 2011

C. Siva
Secretary

L. Lakshman
Executive Chairman

L. Ganesh
Vice - Chairman



Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company for the Financial Year ended March 31, 2011

(Rs. ' 000)

1. Name of the Company	Rane Brake Lining Limited	Rane Diecast Limited	Rane (Madras) Limited	Rane Engine Valve Limited
2. Holding Company's Interest in Equity Share Capital	3,292,713 equity shares of Rs.10/- each fully paid-up (41.60%)	7,700,100 equity shares of Rs.10/- each fully paid-up (78.75%)	5,446,675 equity shares of Rs.10/- each fully paid-up (53.59%)	2,759,686 equity shares of Rs.10/- each fully paid-up (53.58%)
3. Aggregate 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, 2011	63,575	(46,455)	131,484	57,777
(ii) Up to the subsidiary's financial year ended March 31, 2010	46,137	(73,796)	218,359	20,661
4. Aggregate 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, 2011	9,878	-	24,470	8,264
(ii) Up to the subsidiary's financial year ended March 31, 2010	10,837	-	46,221	4,132

For and on behalf of the Board

Chennai
May 30, 2011

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.)
2005-06	110.12	102.81	87.18	60.18	25.00	609.38	81.31	10.25
2006-07	322.59	188.10	168.73	88.25	75.00	978.13	97.81	20.19
2007-08	421.29	228.56	208.99	107.60	60.00	1,604.37	142.78	14.56
2008-09	349.67	182.85	162.96	105.85	40.00	1,710.22	142.78	11.41
2009-10	451.41	273.87	251.31	137.08	80.00	1,913.78	142.78	17.60
2010-11	484.21	431.37	400.29	221.82	125.00	2,118.08	142.78	28.04

Balance Sheet Summary

(Rs. million)

Year ended 31st March	2011	2010	2009	2008	2007	2006
Gross Fixed Assets	510.60	507.16	182.28	178.16	75.10	11.40
Depreciation	33.35	30.44	22.46	15.05	2.05	1.19
Net Fixed Assets	477.25	476.72	159.82	163.11	73.05	10.21
Investments	2,011.33	1,929.71	1,768.26	1,708.22	1,092.35	715.70
Current Assets, Loans and Advances	156.20	82.16	136.89	255.86	116.26	9.55
Deferred Tax Asset	-	-	-	-	-	-
Misc. Expenditure (Deferred Rev. Exp)	-	-	-	-	-	-
Total Assets	2,644.78	2,488.59	2,064.97	2,127.19	1,281.66	735.46
Secured, Unsecured Loans	245.98	355.72	176.59	243.27	133.30	1.29
Deferred Tax Liability	9.28	7.56	8.39	9.71	1.29	1.70
Current Liabilities & Provisions	128.66	68.75	26.99	127.07	62.38	5.41
Total Liabilities	383.92	432.03	211.97	380.05	196.97	8.40
Net Worth	2,260.86	2,056.36	1,853.00	1,747.15	1,084.69	727.06
Represented by:						
Equity Share Capital	142.78	142.78	142.78	142.78	97.81	81.31
Preference Share Capital	-	-	-	-	8.75	17.50
Reserves & Surplus	2,118.08	1,913.78	1,710.22	1,604.37	978.13	628.25
Net Worth per Equity Share of Rs.10 each (Rs.)	158.35	144.04	129.78	122.37	110.90	89.42



AUDITOR'S REPORT

To
The Members of
Rane Holdings Limited

1. We have audited the attached Balance Sheet of RANE HOLDINGS LIMITED ("the Company"), as at March 31, 2011, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report complies with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011.
 - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. RAMANI
Partner
(Membership No.19603)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

CHENNAI, May 30, 2011



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses iii, vi, viii, x, xii, xiii, xiv, xviii, xix and xx of CARO are not applicable for the current year.
- (ii) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) The fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the company.
- (iii) a) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - i. The Company has granted a secured loan aggregating Rs. 30,000,000 to a party during the year. At the year-end, the outstanding balances of such loans aggregated Rs. 31,931,000 (including interest) and the maximum amount involved during the year was Rs. 31,931,000.
 - ii. The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - iii. The loan and the interest due thereon are not due for repayment as per the terms of the agreement.
 - iv. There are no overdue amounts outstanding as at the Balance Sheet date.
 - (b) The Company has not taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 with regard to purchases of fixed assets and the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) In respect of certain transactions relating to services rendered in pursuance of such contracts or arrangements and exceeding the value of Rs.500,000 in respect of any party during the year, the prices are not capable of being compared as they are of special/proprietary in nature. However all other transactions, except the aforesaid, have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

**ANNEXURE TO THE AUDITORS' REPORT**

Name of Statute	Nature of Dues	Amount involved Rs. in 000s	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax*	37,114	2008-2009	Commissioner of Income Tax (Appeals)
		6,400	2007-2008	
		8,533	2004-2005	
Service Tax	Service Tax	152	2006-2010	Commissioner of Central Excise (Appeals)

* Net of Deposits

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (ix) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. RAMANI
Partner
(Membership No.19603)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

Chennai
May 30, 2011



BALANCE SHEET As at March 31, 2011

(Rs. ' 000)

	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	142,778	142,778
Reserves and Surplus	B	2,118,078	1,913,781
		2,260,856	2,056,559
Loan Funds			
Secured Loans	C	245,981	355,725
Deferred Tax Liability (Net)		9,276	7,560
		2,516,113	2,419,844
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	507,005	506,865
Less: Accumulated Depreciation		33,347	30,445
Net block		473,658	476,420
Capital Work-in-progress (Including Advances)		3,589	300
		477,247	476,720
Investments	E	2,011,327	1,929,712
Current Assets, Loans and Advances			
Sundry Debtors	F	36,969	16,422
Cash and Bank balances	G	16,049	13,846
Loans and Advances	H	103,186	51,888
		156,204	82,156
Less: Current Liabilities and Provisions			
Current Liabilities	I	37,563	27,250
Provisions	J	91,102	41,494
		128,665	68,744
Net Current Assets		27,539	13,412
		2,516,113	2,419,844

Significant Accounting Policies and Notes on Accounts O
Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

For and on behalf of the Board

B. RAMANI
Partner
(Membership No.19603)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

C. SIVA
Secretary

L. LAKSHMAN
Executive Chairman

Place: Chennai
Date : May 30, 2011

L. GANESH
Vice Chairman



PROFIT AND LOSS ACCOUNT For the year ended March 31, 2011

	Schedule	31.03.2011		31.03.2010	
INCOME	K		484,209		451,413
EXPENDITURE					
Employee Costs	L	74,066		57,203	
Other Expenses	M	129,346		91,833	
Finance Charges	N	30,988		20,168	
Depreciation	D	5,220		8,338	
TOTAL EXPENDITURE			239,620		177,542
Profit for the Year before Prior Period Income			244,589		273,871
Prior Period Item - Reversal of Depreciation (Refer Note 1 in Schedule D)			2,113		-
Profit for the Year Before Tax and Exceptional Items			246,702		273,871
Exceptional Items					
Profit on Sale of Land (Refer Note 2 in Schedule D)			184,669		-
Profit Before Taxes			431,371		273,871
Provision for Taxation					
- Income Tax		(29,367)		(23,402)	-
- Deferred Tax		(1,716)	(31,083)	837	(22,565)
PROFIT AFTER TAX			400,288		251,306
Surplus brought forward (Refer Schedule B)			311,862		215,302
Add: Dividend on Own Shares Held Through Trust (Refer Note 3)			103		-
AMOUNT AVAILABLE FOR APPROPRIATION			712,253		466,608
Less: Dividend on Equity Shares (per Equity Share of Rs.10 each):					
- Interim Dividend - 75% (60%)		107,084		85,667	
- Proposed Dividend - 50% (20%)		71,389		28,556	
Tax on Dividend					
- Current Year		12,346		15,392	
- Excess Provision Relating to Prior Year		(2,494)		-	
- Provision for Tax on Distributed Profit		11,583		-	
Transfer to General Reserve		40,029		25,131	
			239,937		154,746
Surplus carried to Balance Sheet			472,316		311,862
EARNINGS PER SHARE					
Basic & Diluted (Rs.) (per Equity Share of Rs.10 each) (Refer Note 17 in Schedule O)			28.04		17.60

Significant Accounting Policies and Notes on Accounts O

Schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

For and on behalf of the Board

B. RAMANI
Partner
(Membership No.19603)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

C. SIVA
Secretary

L. LAKSHMAN
Executive Chairman

Place: Chennai
Date : May 30, 2011

L. GANESH
Vice Chairman



CASH FLOW STATEMENT For the year ended 31st March, 2011

(Rs. ' 000)

	31.03.2011	31.03.2010
(A) Operating Activities		
Net profit before tax and extra-ordinary items	431,371	273,871
Adjustments for:		
Depreciation / Amortisation	3,107	8,338
Provision for Gratuity	(3,325)	-
Provision for Compensated Absences	3,260	-
Dividend Income	(163,254)	-
Interest Income	(1,954)	-
Interest Paid	30,988	-
Profit on Sale of Land	(184,669)	-
Profit / Loss on sale of Investments - net	(10,776)	-
Profit / Loss on sale of Fixed Assets - net	(463)	23
Operating Profit before working capital changes	104,285	282,232
Changes in assets and liabilities		
Trade and other receivables	(29,452)	17,443
Trade payables	10,246	9,222
Cash generated from operations	85,079	308,897
Interest Paid	-	18,613
Direct tax paid	(41,340)	(28,626)
Net cash from Operating Activities	43,739	298,884
(B) Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,477)	(325,406)
Sale of fixed assets	185,543	151
Sale of Investments	12,848	-
Sale of REVL-KML Open Offer Trust Shares	5,473	-
Dividend Income	163,254	-
Interest Income	23	-
Dividend on Own Shares Held Through Trust	103	-
Transfer of Investments in Subsidiaries and Joint Ventures on merger of RIL - 100% Subsidiary	-	(39,970)
Investment in Subsidiaries, Associates, Joint Ventures & Mutual Funds	(85,346)	(39,610)
Net cash used in Investing Activities	280,421	(404,835)
(C) Financing Activities		
Proceeds from long term borrowings	-	300,000
Repayment of long term borrowings	(109,743)	(120,868)
Loan to Subsidiaries	(30,000)	-
Loan repayment from subsidiaries	-	43,000
Dividends paid and Dividend Distribution tax paid	(152,075)	(96,316)
Interest paid	(30,139)	(19,186)
Net cash from Financing Activities	(321,957)	106,630
Increase / (decrease) in cash and cash equivalents (A+B+C)	2,203	679
(D) Cash and cash equivalents - Opening Balance	13,846	13,167
(E) Cash and cash equivalents - Closing Balance	16,049	13,846

In terms of our report attached

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

B. RAMANI
Partner
(Membership No.19603)

Place: Chennai
Date : May 30, 2011

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

For and on behalf of the Board

C. SIVA
Secretary

L. LAKSHMAN
Executive Chairman

L. GANESH
Vice Chairman



SCHEDULES FORMING PART OF THE BALANCE SHEET

As at March 31, 2011

SCHEDULE A SHARE CAPITAL (Note 1)

(Rs. ' 000)

	31.03.2011	31.03.2010
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

SCHEDULE B RESERVES AND SURPLUS

Description	As at 31.03.2010	Additions during the year	Deductions / adjustments during the year	Balance as at 31.03.2011
Capital Subsidy	1,500	-	-	1,500
Capital Redemption Reserve	55,000	-	-	55,000
Securities Premium	439,509	3,814	-	443,323
General Reserve	1,024,037	40,029	-	1,064,066
General Reserve on Merger	81,873	-	-	81,873
Surplus in Profit and Loss Account	311,862	160,454	-	472,316
TOTAL	1,913,781	204,297	-	2,118,078

SCHEDULE C SECURED LOANS (Note 2)

	31.03.2011	31.03.2010
Term Loan - From Banks		
Citi Bank	40,148	63,225
Yes Bank	72,500	92,500
Term Loan - Others		
HDFC	133,333	200,000
TOTAL	245,981	355,725
* Repayable within one year	109,587	109,499

SCHEDULES FORMING PART OF THE BALANCE SHEET As at March 31, 2011

SCHEDULE D FIXED ASSETS (Rs.'000)

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	As at 31.03.2010	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2011	For the year	Deductions / Adjustments	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS								
Land - Freehold	399,995	-	1,131	398,864	-	-	398,864	399,995
Buildings	73,729	-	-	73,729	1,201	215	63,082	64,068
Plant & Machinery	8,919	-	-	8,919	420	3,331	7,003	4,092
Furniture & Fittings	5,872	374	-	6,246	1,224	596	2,427	2,681
Office Equipments	13,551	1,087	78	14,560	1,561	(2,083)	1,172	3,807
Vehicles	3,110	16	128	2,998	476	235	777	1,130
INTANGIBLE ASSETS								
Licence	1,689	-	-	1,689	338	24	333	647
Total	506,865	1,477	1,337	507,005	5,220	2,318	473,658	476,420
Capital WIP	300	3,289	-	3,589	-	-	-	-
Total	507,165	4,766	1,337	510,594	-	-	-	-
Previous year	182,286	325,406	527	507,165	8,338	355	476,420	159,824

- Adjustments to depreciation include net reversal of excess depreciation charged in the prior years Rs. 2,113 (in thousands), being a prior period item.
- Deductions to Land, in gross block, represents Sale of Company's agricultural land at Mahabalipuram.





SCHEDULES FORMING PART OF THE BALANCE SHEET As at March 31, 2011

SCHEDULE E INVESTMENTS (Note 3)

	Face Value	31.03.2011		31.03.2010	
		No. of Shares	Rs. ' 000	No. of Shares	Rs. ' 000
INVESTMENTS - Long Term (At Cost)					
Subsidiary Companies:					
Equity Shares (Fully Paid) - Quoted					
Rane (Madras) Limited	10	5,446,675	458,406	5,438,125	457,201
Rane Engine Valve Limited	10	2,759,686	752,891	2,754,521	751,752
Rane Brake Lining Limited	10	3,292,713	106,855	3,292,713	106,855
Rane Holdings Limited (own shares held through Trust)	10	-	-	22,648	1,659
Rane Diecast Limited (Fully Paid - Unquoted)	10	7,700,100	157,467	7,700,100	157,467
Preference Shares (Fully Paid) - Unquoted					
Rane Diecast Limited	10	6,000,000	60,000	6,000,000	60,000
Trade Investments					
Equity Shares (Fully Paid) - Quoted					
Kar Mobiles Limited	10	838,660	54,680	838,660	54,680
Equity Shares (Fully Paid) - Unquoted					
JMA Rane Marketing Limited	10	360,003	3,600	360,003	3,600
Rane TRW Steering Systems Limited	10	4,369,123	233,212	4,369,123	233,212
Rane NSK Steering Systems Limited	10	8,771,000	101,213	8,950,000	103,278
Others - Unquoted					
Wellington Corporate Foundation	10	60	1	60	1
Trade Investments - Quoted					
Sona Koya Steering Systems Limited	1	-	-	4,000	7
			1,928,325		1,929,712
Mutual Funds					
HDFC Liquid Fund			83,002		-
Total Investments			2,011,327		1,929,712
Aggregate value of investments :					
Quoted - Cost			1,372,832		1,372,154
- at Market value			1,943,843		1,482,609
Unquoted at Cost			638,495		557,558

SCHEDULE F SUNDRY DEBTORS (Refer Note 4)

(Rs. ' 000)

	31.03.2011	31.03.2010
Unsecured considered good Exceeding six months	-	-
Others	36,969	16,422
	36,969	16,422

SCHEDULE G CASH AND BANK BALANCES

(Rs. ' 000)

	31.03.2011	31.03.2010
Cash on hand	98	93
Cheques on Hand	68	-
Scheduled Banks		
Current Accounts	12,777	9,379
Unclaimed Dividends	3,106	4,374
	16,049	13,846



SCHEDULES FORMING PART OF THE BALANCE SHEET As at March 31, 2011

SCHEDULE H LOANS AND ADVANCES

(Rs. ' 000)

	31.03.2011	31.03.2010
Advances recoverable in cash or in kind or for value to be received	15,639	5,887
Loan to Subsidiary	30,000	-
Interest Receivable from Subsidiary	1,931	-
Citibank Deferred Premium	4,272	6,777
Advance Payment of Fringe Benefit Tax	3,318	3,318
Less: Provision for Fringe Benefit Tax	2,386	2,386
	932	932
Advance Payment of Income Tax	1,86,554	145,062
Less: Provision for Income Tax	(1,38,224)	(109,126)
	48,330	35,936
Balance with Service tax Authorities	498	773
Deposits	1,584	1,583
	103,186	51,888

CURRENT LIABILITIES AND PROVISIONS

SCHEDULE I CURRENT LIABILITIES (Note 5)

	31.03.2011	31.03.2010
Sundry Creditors		
- Dues to Micro Enterprises & Small Enterprises	-	-
- Others	10,399	8,682
Other Liabilities	23,209	13,345
Unclaimed dividends	3,106	4,374
Interest accrued but not due	849	849
	37,563	27,250

SCHEDULE J PROVISIONS

	31.03.2011	31.03.2010
Provision for Compensated Absences	7,756	4,496
Provision for Gratuity	374	3,699
Proposed Dividend	71,389	28,556
Tax on Proposed Dividend	11,583	4,743
	91,102	41,494



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2011

SCHEDULE K INCOME

(Rs. ' 000)

	31.03.2011	31.03.2010
Dividend from investments - Gross		
- From Subsidiary	62,584	38,306
- From Trade	93,436	171,454
Current Investments		
- From Mutual Funds	7,234	5,375
Trade mark fee *	108,680	78,654
Service Fees *	197,540	157,495
Profit on sale of investment	10,776	-
Profit on sale of assets (Net)	463	-
Miscellaneous Income	1,542	129
Interest Income *		
- From Rane Diecast Limited	1,931	-
- From Deposits	23	-
	484,209	451,413
* Tax Deducted at Source		
Trade Mark	12,467	9,217
Service Fee	21,789	18,560
Interest	195	-

SCHEDULE L EMPLOYEE COSTS

	31.03.2011	31.03.2010
Salaries, Wages and Bonus	64,013	46,723
Contribution to Provident and Other funds	4,961	8,086
Staff welfare expenses	5,092	2,394
	74,066	57,203

SCHEDULE M OTHER EXPENSES

	31.03.2011	31.03.2010
Repairs and Maintenance		
- Buildings	2,556	2,343
- Others	1,732	1,253
Staff Training Expenses	3,292	430
Rent	18,278	10,449
Insurance	907	1,044
Rates and Taxes	3,370	1,169
Travelling and Conveyance	11,221	7,833
Power and Fuel	2,087	1,725
Professional Charges	31,219	19,390
Administrative Expenses	5,353	4,435
Advertisement	4,716	5,150
Information Systems Service / Communication and Other Expenses	35,412	30,744
Miscellaneous	152	203
Directors' Sitting Fees	630	600
Audit Fees	900	630
Loss on sale of assets (Net)	-	23
Bank Charges	42	1,672
Donation	7,480	2,740
	129,346	91,833

SCHEDULE N FINANCE CHARGES

	31.03.2011	31.03.2010
Interest on Term Loans	30,946	19,924
Interest on Cash Credit / Others	42	244
	30,988	20,168



SCHEDULES FORMING PART OF ACCOUNTS

Schedule **O** SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

1.1 The Financial Statements are prepared under the historical cost convention, on an accrual basis, in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) including the Accounting Standards notified by the Government of India / issued by the Institute of Chartered Accountants of India (ICAI), as applicable and the relevant provisions of the Companies Act, 1956 (the Act).

1.2 The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the Financial Statements and the reported income and expenses like provision for employee benefits, provision for doubtful debts/advances, useful lives of fixed assets, provision for taxation etc., during the reporting period. Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Future results may vary from these estimates.

2. Fixed Assets

2.1 Tangible Assets

Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes related taxes, duties, freight, insurance etc. attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities. Capital work in progress includes cost of assets not ready for the intended use and includes advances paid to acquire fixed assets.

2.2 Intangible Assets

Licence Fee on software is stated at cost.

3. Depreciation

3.1 Depreciation on fixed assets, other than those given in 3.2 below, 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	Estimated Useful life (years)
1. Vehicles	5
2. Furniture & Fittings	5
3. Office Equipment	3

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

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

4. Investments

4.1 Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for.

4.2 Current investments are carried at lower of cost and fair value.

5. Foreign currency transactions

5.1 Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the profit and loss account. Exchange differences arising on actual payments / realisations and year-end restatements are dealt with in the Profit & Loss Account.

5.2 The Company enters into forward exchange contracts to hedge its risks associated with foreign currency fluctuations. The premium or discount, arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Profit & Loss Account in the year in which the exchange rates change.



6. Employee Benefits

6.1 Employee benefits

Short Term

Short term employee benefits including accumulated compensated absences determined as per company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date.

6.2 Post Retirement

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

Defined Contributions

Fixed contributions to the Superannuation Fund, which is administered by Company nominated trustees and managed by Life Insurance Corporation of India, are charged to the profit and loss account.

The Company contributes to a government administered Provident fund on behalf of its employees, which are charged to the profit and loss account. The company has no obligations for future provident fund benefits other than its monthly contributions.

Defined Benefits

The liability for Gratuity to employees as at Balance Sheet date is determined on the basis of actuarial valuation based on Projected Unit Credit method and is funded with a Gratuity fund administered and managed by Life Insurance Corporation of India. The liability thereof paid / payable is absorbed in the accounts.

Actuarial gains and losses are charged to the profit and loss account.

7. Revenue recognition

7.1 Dividend income on investments is recognized when the right to receive the payment is established.

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

8. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

9. Taxes on Income

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

10. Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.



Notes

1. Share Capital

Paid up Equity Share Capital includes the following:

- a. 3,665,130 (3,665,130) Equity Shares of Rs.10 each allotted as fully paid Bonus Shares from General Reserves
- b. 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.
- c. 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 Honourable High Court of Judicature at Madras.

2. Secured Loans:

- 2.1 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 Cathedral Road, Chennai.
- 2.2 Term loan from Yes Bank is secured by an equitable mortgage of the Company's immovable property at Cathedral Road, Chennai and by a pari-passu first charge on the movable fixed assets of the Company.
- 2.3 Term loan from HDFC Ltd is secured by an equitable mortgage of the Company's immovable property at Boat Club Road.
- 2.4 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.
- 2.5 Cash credit from Yes Bank is secured by a pari-passu first charge on the current assets of the Company.

3. Investments

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

Name of the Company	Purchase		Sales / Redemption	
	Nos.	Cost Rs. '000	Nos.	Cost Rs. '000
Rane Engine Valve Ltd.	5,165	1,141		
Rane Holdings Ltd (REVL-KML Open Offer Trust)			22,648	1,959
Rane (Madras) Ltd.	8,550	1,205		
Rane NSK Steering Systems Ltd.			179,000	2,066
HDFC Cash Management Fund *	33,095,748	332,000	25,220,555	253,000
Birla Sun Life Cash Plus Fund	9,093,816	91,000	9,093,813	91,000
LIC Mutual Fund	6,650,000	66,500	6,650,000	66,500

* Purchases is Net of dividend reinvestment

During the year, the company had sold 179,000 (1% of total share capital in Rane NSK Steering Systems Limited, Joint Venture Company) to NSK Limited, Japan Pursuant to the revised Joint Venture Agreement dated November 30, 2010 entered into with NSK Limited, Japan.

3.2 Own Shares Held Through Trust

During the year the company disposed off all the Company's own shares Held Through Trust and the surplus on sale of shares of Rs.3,814 (Rs.'000) was credited to the Securities Premium Account. Since the Beneficiary of the Trust is the company itself, the Dividend distributed to the Trust relating to the Company's shares held by the Trust is credited back to Profit and Loss Account on receipt of the same from the Trust.



4. Sundry Debtors

Dues from companies under the same management:

(Rs. ' 000)

Name of the Company	31.03.2011	31.03.2010
Rane (Madras) Ltd	9,138	6,699
Rane Engine Valve Ltd	4,405	3,697
Rane Brake lining Limited	4,583	3,329
Rane TRW Steering Systems Limited	17,226	1,481
Rane NSK Steering Systems Limited	11	-
Rane Diecast Limited	1,605	1,275
Total	36,969	16,482

5. Current Liabilities

5.1 Current liabilities include Commission payable to Executive Chairman Rs. 6,960 (Rs.'000)
Previous year Rs 6,030 (Rs.'000)

5.2 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

6. Expenses

6.1 Audit fees:

Auditors' fees comprise of the following,

(Rs. ' 000)

Description	31.03.2011	31.03.2010
Statutory Audit	800	400
Tax Audit	100	100
Other Professional services	-	130
Total	900	630

6.2 Managerial Remuneration:

A. Remuneration to Executive Chairman and Vice - Chairman

(Rs. ' 000)

	31.03.2011	31.03.2010
(a) Executive Chairman		
Salary and allowances	3,885	3,457
Commission	6,960	6,030
Contribution to provident and other funds	985	832
Perquisites	741	1,212
(b) Vice Chairman		
Salary and allowances	5,665	3,725
Contribution to provident and other funds	1,396	935
Perquisites	1,023	817
Total	20,654	17,008

Note:- Managerial remuneration excludes Provision for Gratuity and Compensated Absences since the amounts cannot be ascertained individually.

Aggregate of remuneration including Commission paid by Rane Engine Valve Limited to the Vice - Chairman is within the maximum managerial remuneration under section 198 of The Companies Act, 1956.

Remuneration to Vice - Chairman for the year ended 31st March 2010 was for the period August 2009 to March 2010.



B. Computation of Net Profit under Section 198 / 349 of the Companies Act, 1956

	(Rs. ' 000)	
	31.03.2011	31.03.2010
Profit before Tax from ordinary activities	431,371	273,871
Add: Whole-time Director's Remuneration	13,694	10,978
Commission	6,960	6,030
Director's Sitting fee	630	600
Loss on sale of assets (Net)	-	23
Less: Capital profit on sales / disposal of fixed assets	185,232	-
Profit on sale of shares of subsidiary / associate companies	10,776	-
Net profit as per Section 349 of companies Act, 1956	256,647	291,502
Maximum Remuneration payable u/s 198 of the Companies Act, 1956 - 10% of the Profits	25,665	29,150

7. Disclosure as per AS 15 - Employee Benefits

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

(a) Defined benefit plan - Gratuity

	(Rs. ' 000)	
	2010-2011	2009-2010
Present value of obligation at the beginning of the year	13,494	4,420
Interest cost	1,080	284
Current service cost	996	412
Benefit paid	(554)	(767)
Actuarial gain / loss of the obligation	(492)	9145
Present value of obligation at the end of the year	14,524	13,494
Fair Value of plan assets at the beginning of the year	9,795	3,231
Expected return on the plan assets	1,209	685
Contribution	5,067	6,078
Benefits paid	(554)	(767)
Actuarial gain / loss on plan assets	-	568
Fair Value of the plan assets at the end of the year	15,517	9,795
Amount recognized in the balance sheet		
Present value of obligation at the end of the year	14,524	13,494
Fair Value of the plan assets at the end of the year	15,517	9,795
Funded status of the plan (assets) / liabilities	(993)	3,699
Amount recognized in the statement of profit and loss		
Current service cost	996	412
Interest cost	1,080	284
Expected return on plan assets	(1,209)	(685)
Net actuarial gain / loss recognized in the year	(492)	3,688
Expenses recognized in the statement of profit and loss	375	3,699
Principal actuarial assumption as balance sheet date		
Discount rate	8%	8%
Salary escalation	10%	10%
Expected return on plan assets	9%	8%
Attrition rate	3%	3%



(b) Long Term Benefits - Compensated absences

Principal actuarial assumptions as at balance sheet date	2010-2011	2009-2010
Discount rate	8%	8%
Salary escalation	10%	10%
Attrition rate	3%	3%

(c) Other Disclosures

Principal actuarial assumptions as at balance sheet date	2010-2011	2009-2010	2008-2009	2007-2008
Discount rate	8%	8%	8%	8%
Salary escalation	10%	10%	8%	10%
Attrition rate	3%	3%	5%	5%

8. The Company is the Holding Company of various other companies in the Rane Group. The Company provides Managerial consultancy, information systems support and brand support & related 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.

9. Expenditure in foreign currency during the financial year on account of : **(Rs. ' 000)**

Description	31.03.2011	31.03.2010
Travel	1,105	673
Professional and Consultancy Charges	12,295	7,148

10. Remittance in foreign currency during the financial year on account of : **(Rs. ' 000)**

Description	31.03.2011	31.03.2010
Dividend	7,822	4,940
Number of non-resident shareholders	2	2
Number of equity shares held	823,365	823,365
Year for which dividend is remitted	2010-2011	2009-2010

11. Estimated amount of Contracts remaining to be executed on capital account and not provided for, net of advance, Rs. 12,590 thousands (Rs.3,980 thousands).

12. **Contingent Liabilities not provided for:** **(Rs. ' 000)**

Description	31.03.2011	31.03.2010
Disputed demands under appeal (Refer table below)	45,864	27,400
Guarantees Issued	349,800	339,500

Name of the Statute	31.03.2011	31.03.2010	Period to which the amount relates
Income Tax Act, 1961*	8,548	8,548	2005-2006
	6,400	-	2007-2008
	37,146	-	2008-2009
Service Tax	152	-	2006-2010

* Includes amount deposited Rs. 5,000 (in thousands) in relation to the year 2008-2009 and Rs. 1,500 (in thousands) in relation to the year 2004-2005.



13. Operating Leases

The Company has operating lease agreements for office space and residential accommodation generally for a period of one to three years with option to renew with escalation. As per the lease terms a sum of Rs.3,333 thousands (Previous Year Rs.2,945 thousands) has been recognised in the Profit and Loss Account.

Office equipment and cars are taken on lease for a period ranging from one year to five years and are renewable at the option of the Company. Rentals for the year ended 31 March 2011 amounted to Rs.6,398 thousands (Previous Year Rs.6,856 thousands)

The details of Maturity profile of Future Operating Lease Payments are given below:-

(Rs. ' 000)

Particulars	31.03.2011	31.03.2010
Minimum Lease Payments not later than one year	14,427	9,731
Later than one year but not later than five years	11,728	19,182

14. Deferred Tax Liability

(Rs. ' 000)

	2010-2011	2009-2010
Depreciation	9,932	9,054
43B Disallowances	(656)	(1,494)
Net Deferred Tax Liability	9,276	7,560

15. Related Party Transactions

A. List of Related Parties - Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges and Accounting Standards 18.

	2010 - 2011	2009 - 2010
Subsidiaries	Rane Engine Valve Limited Rane Brake Lining Limited Rane Diecast Limited Rane (Madras) Limited	Rane Engine Valve Limited Rane Brake Lining Limited Rane Diecast Limited Rane (Madras) Limited
Joint Venture	Rane TRW Steering Systems Limited Rane NSK Steering Systems Limited JMA Rane Marketing Limited	Rane TRW Steering Systems Limited Rane NSK Steering Systems Limited JMA Rane Marketing Limited
Associate	Kar Mobiles Limited	Kar Mobiles Limited
Key Management Personnel (KMP)	Mr. L. Lakshman Mr. L. Ganesh	Mr. L. Lakshman Mr. L. Ganesh
Relatives of KMP	Mrs. Pushpa Lakshman Mr. Harish Lakshman Mr. Vinay Lakshman Mrs. Meenakshi Ganesh Mr. Aditya Ganesh Mrs. Aparna Ganesh Mrs. Shanti Narayan Mrs. Hema C Kumar Mrs. Vanaja Aghoram	Mrs. Pushpa Lakshman Mr. Harish Lakshman Mr. Vinay Lakshman Mrs. Meenakshi Ganesh Mr. Aditya Ganesh Mrs. Aparna Ganesh Mrs. Shanti Narayan Mrs. Hema C Kumar Mrs. Vanaja Aghoram
Significant Influence	Rane Foundation	-



B. Transactions with Related Parties:-

(Rs. ' 000)

2010-2011

Description and Names of the Related Parties	Type of Transaction	Value	Outstanding	Dr / Cr
Associate Company				
Kar Mobiles Limited	Fee for services rendered	11,752	-	
	Dividend received	4,612	-	
Subsidiary Companies				
Rane (Madras) Limited	Fee for services rendered	49,263	-	
	Trademark fees received	28,797	9,138	Dr
	Dividend received	35,348	-	
Rane Engine Valve Limited	Fee for services rendered	33,330	-	
	Trademark fees received	14,292	4,405	Dr
	Dividend received	12,419	-	
Rane Brake Lining Limited	Fee for services rendered	31,412	-	
	Trademark fees received	15,230	4,583	Dr
	Dividend received	14,817	-	
Rane Diecast Limited	Fee for services rendered	2,059	1,605	Dr
	Trademark fees received	57	-	
	Loan given	-	30,000	Dr
	Guarantee given	349,800	349,800	Dr
Joint Venture Companies				
Rane TRW Steering Systems Ltd.	Fee for services rendered	51,041	-	
	Trademark fees received	50,346	17,226	Dr
	Dividend received	87,382	-	
Rane NSK Steering Systems Ltd.	Fee for services rendered	18,684	11	Dr
JMA Rane Marketing Limited	Dividend received	-	-	
Significant Influence				
Rane Foundation	Donation paid	6,500	-	
	Loan given	5,000	5,000	Dr
Key Managerial Personnel				
Mr. L. Lakshman	Salary and other Perquisites	5,611	-	
	Commission (Provision)	6,960	6,960	Cr
Mr. L. Ganesh	Salary and other Perquisites	8,083	-	
Relatives of the Key Managerial Personnel				
	Sitting fees for board and committee meetings	110	-	



Transactions with Related Parties (continued...)

(Rs. ' 000)

2009-2010

Description and Names of the Related Parties	Type of Transaction	Value	Outstanding	Dr / Cr
Associate Company				
Kar Mobiles Limited	Fee for services rendered	15,822	-	
	Dividend received	4,151	-	
Subsidiary Companies				
Rane (Madras) Limited	Fee for services rendered	34,424	-	
	Trademark fees received	20,641	6,699	Dr
	Dividend received	13,595	-	
Rane Engine Valve Limited	Fee for services rendered	34,743	-	
	Trademark fees received	11,689	3,697	Dr
	Dividend received	8,730	-	
Rane Brake Lining Limited	Fee for services rendered	27,138	-	
	Trademark fees received	12,810	3,329	Dr
	Dividend received	16,041	-	
Rane Diecast Limited	Fee for services rendered	2,351	1,275	Dr
	Trademark fees received	50	-	
	Loan given	-	-	
	Guarantee given	329,500	329,500	Dr
Joint Venture Companies				
Rane TRW Steering Systems Ltd.	Fee for services rendered	33,424	-	
	Trademark fees received	33,465	1,481	Dr
	Dividend received	1,64,587	-	
Rane NSK Steering Systems Ltd.	Fee for services rendered	9,592	-	
JMA Rane Marketing Limited	Dividend received	2,520	-	
Key Managerial Personnel				
Mr. L. Lakshman	Salary and other Perquisites	5,501	-	
	Commission (Provision)	6,030	6,030	Cr
Mr. L. Ganesh	Salary and other Perquisites	5,477	-	
Relatives of the Key Managerial Personnel				
	Sitting fees for board and committee meetings	133	-	

Note : Related party relationships are as identified by the Management and relied upon by the auditors.



Disclosure under Clause 32 of Listing Agreement (To the extent applicable)

(Rs. ' 000)

Particulars	Amount Outstanding on 31.03.2011	Amount Outstanding on 31.03.2010	Maximum Amount Outstanding during 2010-2011	Maximum Amount Outstanding during 2009-2010
Subsidiary:-				
Rane Diecast Limited				
Loan	30,000	-	30,000	-
Interest	1,931	-	1,931	-

Information on Joint Venture Entities

The particulars of the Company's Joint Venture Entities as at 31 March 2011 including its percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Venture Entities are given below:-

(Rs. ' 000)

Particulars	As at 31 March 2011					2010 - 2011	
	Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income
Rane TRW Steering Systems Ltd.	50	975,000	975,000	313,400	69,200	2,912,900	2,550,300
Rane NSK Steering Systems Ltd.	49	382,200	382,200	500	132,200	876,100	892,300
JMA Rane Marketing Ltd.	49	58,800	58,800	-	-	247,400	230,500

Notes:

- a) Figures in brackets are for the previous year
- b) All the above Joint Venture Entities are located in India

16. Segment Reporting

The Company holds strategic investments in subsidiaries, joint ventures and associates (collectively called "the Group") all of which operate in single segment viz., components for Transportation industry and also provides consultancy and other services to the Group. Further the Company does not have any operations outside India. As such there are no separate reportable segments as per AS 17 "Segment Reporting".

**17. Earnings Per Share**

Particulars	2010-2011	2009-2010
Profit after Taxation – Rs. in thousands	400,296	251,306
Weighted Average Number of Shares – Basic & Diluted	14,277,809	14,277,809
Earnings Per Share of Rs. 10/- each – Basic & Diluted	28.04	17.60

Note : Earnings Per Share calculations are done in accordance with Accounting Standard 20 (AS 20) "Earnings Per Share."

18. Figures of the previous year have been regrouped wherever necessary to conform to the current year's presentation
19. Figures given in brackets in the notes pertain to the previous year.

For and on behalf of the Board

L. LAKSHMAN
Executive Chairman

Place: Chennai
Date : May 30, 2011

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.	2 2 0 2 State Code 1 8
Balance Sheet Date	3 1 0 3 2 0 1 1 Date Month Year
II. Capital Raised during the year (Amount in Rupees Thousands)	
Public / Preferential issue	N I L Rights Issue N I L
Bonus Issue	N I L Private Placement N I L
III. Position of Mobilisation and Deployment of Funds (Amount in Rupees Thousands)	
Total Liabilities	2 5 1 6 1 1 3 Total Assets 2 5 1 6 1 1 3
Sources of Funds	
Paid-up Capital	1 4 2 7 7 8 Reserves & Surplus 2 1 1 8 0 7 8
Secured Loans	2 4 5 9 8 1 Unsecured Loans N I L
Deferred Tax Liability	9 2 7 6
Application of Funds	
Net Fixed Assets	4 7 3 6 5 8 Investments 2 0 1 1 3 2 7
Net Current Assets	2 7 5 3 9 Misc. Expenditure N I L
Accumulated Losses	N I L Deferred Tax Asset N I L
IV. Performance of Company (Amount in Rupees Thousands)	
Turnover	4 8 4 2 0 9 Total Expenditure 2 3 9 6 2 0
Profit / (Loss) Before Tax	4 3 1 3 7 1 Profit / (Loss) After Tax 4 0 0 2 8 8
Earnings Per Share (Rs.)	2 8 . 0 4 Dividend Rate % 1 2 5
V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)	
Not Applicable as the Company is investing in Group Companies	



Annual Report 2010 - 11

CONSOLIDATED FINANCIAL STATEMENTS & NOTES



AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF RANE HOLDINGS LIMITED

1. We have audited the attached Consolidated Balance Sheet of RANE HOLDINGS LIMITED ("the Company"), its subsidiaries, jointly controlled entities and an associate (the Company, its subsidiaries, jointly controlled entities and an associate constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) and investment in an associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of 4 subsidiaries and 2 joint ventures whose financial statements reflect total assets of Rs. 5,049 (in 000's) as at 31st March, 2011, total revenues of Rs. 13,313 (in 000's) and net cash inflows amounting to Rs.75,903 (in 000's) for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, except in case of JMA Rane Marketing Limited, a joint venture, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associate is based

solely on the reports of the other auditors and in case of the above said joint venture is based on unaudited management accounts.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) and Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, joint ventures and associate and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
- (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. RAMANI
Partner
(Membership No.19603)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

CHENNAI,
May 30, 2011



CONSOLIDATED BALANCE SHEET As at March 31, 2011

(Rs. '000)

	Schedule	31.03.2011		31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	142,778		142,778	
Reserves and Surplus	B	3,604,622		3,354,606	
			3,747,400		3,497,384
Deferred grants			353		408
Minority Interest			1,410,716		1,232,522
Loan Funds					
Secured Loans	C	2,424,122		1,760,639	
Unsecured Loans	D	730,021		623,676	
			3,154,143		2,384,315
Deferred Tax Liability (Net) - (Note 8)			228,748		167,676
			8,541,360		7,282,305
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	9,306,214		8,337,897	
Less: Accumulated Depreciation		4,469,217		4,111,007	
Less : Impairment of assets		-		2,125	
Net block		4,836,997		4,224,765	
Capital Work-in-progress (including Capital Advances)		690,578		205,372	
			5,527,575		4,430,136
Goodwill on Consolidation			776,214		1,006,533
Investments	F		174,392		239,300
Deferred Tax Asset (Net) - (Note 8)			81,076		-
Current Assets, Loans and Advances					
Inventories	G	1,598,248		1,277,463	
Sundry Debtors	H	2,460,244		1,879,823	
Cash and Bank balances	I	244,550		211,909	
Loans and Advances	J	677,334		546,043	
		4,980,376		3,915,238	
Less: Current Liabilities and Provisions					
Liabilities	K	2,742,572		2,132,726	
Provisions	L	255,701		176,177	
		2,998,273		2,308,903	
Net Current Assets			1,982,103		1,606,335
			8,541,360		7,282,305

Significant Accounting Policies and Notes on Accounts

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

In terms of our report attached

For D. RANGASWAMY & CO

Chartered Accountants
(Registration No.003073S)

B. RAMANI

Partner
(Membership No.19603)

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No.008072S)

GEETHA SURYANARAYANAN

Partner
(Membership No.29519)

For and on behalf of the Board

C. SIVA
Secretary

L. LAKSHMAN
Executive Chairman

Place: Chennai
Date : May 30, 2011

L. GANESH
Vice - Chairman



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2011

(Rs. '000)

	Schedule	31.03.2011		31.03.2010	
INCOME					
Sales and Operating Revenue	M	15,994,678		11,719,895	
Other Income	N	166,900		113,075	
TOTAL INCOME			16,161,578		11,832,970
EXPENDITURE					
Manufacturing and Other Expenses	O	12,275,931		8,675,478	
Employee Costs	P	1,984,491		1,618,096	
Finance Charges	Q	247,092		223,791	
Depreciation (Share in Joint Ventures Rs.125,198 (000's) (Previous Year Rs.115,120(000's))		549,657		511,223	
TOTAL EXPENDITURE			15,057,171		11,028,588
Profit for the Year before Prior Period Income			1,104,407		804,381
Prior Period Item- Reversal of Depreciation			2,113		-
Profit for the Year Before Tax and Exceptional Items			1,106,520		804,381
Exceptional Items					
Profit on Sale of Land			184,669		-
Amount paid under Voluntary Retirement Scheme relating to a Subsidiary			(44,947)		-
Profit Before Taxes after Exceptional Items			1,246,242		804,381
Provision for Taxation					
- Current		326,861		253,813	
- Relating to Prior Year		(235)		-	
- Deferred Tax		(20,671)		8,200	
- Excess Provision relating to Fringe Benefit Tax written Back- Subsidiary		(9)	(305,946)	-	(262,013)
Profit After Tax before share of profits from Associate and Minority Interest			940,296		542,368
Minority Interest			(252,186)		(136,901)
Share of Profits from Associates			11,724		10,961
Net Profit			699,834		416,428
Surplus brought forward			904,445		681,109
Add : Dividend on Own Shares Held Through Trust			103		-
AMOUNT AVAILABLE FOR APPROPRIATION			1,604,382		1,097,537
Less: Dividend on Equity Shares					
Interim Dividend @ 75 % (60%)		107,084		85,667	
Tax on Interim Dividend		-		35,410	
Proposed Dividend @ 50% (20%)		71,389		28,556	
Tax on Proposed Dividend		42,911		4,743	
Transfer to General Reserve		64,049		38,716	
			285,433		193,092
Surplus carried to Balance Sheet			1,318,949		904,445
EARNINGS PER SHARE					
Basic and Diluted (Rs.)			49.02		29.17
Number of shares used in computing Earnings per Share			14,277,809		14,277,809
The Schedules referred to above form an integral part of the Consolidated Profit and Loss account					

In terms of our report attached

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

B. RAMANI
Partner
(Membership No.19603)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

For and on behalf of the Board

C. SIVA
Secretary

L. LAKSHMAN
Executive Chairman

Place: Chennai
Date : May 30, 2011

L. GANESH
Vice Chairman



CONSOLIDATED CASH FLOW STATEMENT For the year ended March 31, 2011

	(Rs. '000)	
	31.03.2011	31.03.2010
(A) Operating Activities		
Profit before Taxes after Exceptional items	1,246,242	804,381
Adjustments for:		
Deferred Revenue Expenditure	-	1,938
Capital subsidy received	(55)	(47)
Provision for Doubtful Debts/Advances	515	-
Provision for Compensated absences	17,559	-
Provision for Warranty	11,183	-
Amount paid towards Voluntary Retirement Scheme	(44,947)	-
Depreciation / Amortisation	547,544	511,748
Dividend / Interest received	(18,928)	(16,689)
Profit on sale of Investments - net	(10,776)	5
Profit on sale of Fixed Assets - net	(2,918)	(796)
Profit on sale of Land	(184,669)	-
Liability no longer required written back	(25,913)	-
Operating Profit before working capital changes	1,534,837	1,300,540
Changes in assets and liabilities		
Trade and other receivables	(655,049)	(863,126)
Inventories	(320,785)	(130,912)
Trade & other payables	521,453	815,259
Cash generated from operations	1,080,456	1,121,761
Interest Paid	247,092	206,866
Direct tax paid (net of refund)	(266,503)	(265,711)
Cash flow before extraordinary items	1,061,045	1,062,916
Net cash from Operating Activities	1,061,045	1,062,916
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,669,914)	(985,607)
Sale of fixed assets	207,717	31,879
Sale of Investments	84,123	82,357
Purchase of Investments	(4,625)	(45,071)
Investment in RBL represented by assets (PY related to REVL)	-	(145,777)
Dividend/Interest received	18,928	16,689
Net cash used in Investing Activities	(1,363,771)	(1,045,530)
(C) FINANCING ACTIVITIES		
Proceeds from issue of equity shares (Securities Premium)	-	11,648
Proceeds from borrowings	769,828	368,930
Increase / (decrease) in Fixed Deposits	(962)	(8,041)
Dividends paid and Dividend Distribution tax paid	(199,668)	(136,006)
Interest paid	(234,794)	(197,888)
Net cash provided by Financing Activities	334,404	38,643
Increase / (decrease) in cash and cash equivalents (A+B+C)	31,679	56,029
(D) CASH AND CASH EQUIVALENTS - OPENING BALANCE	203,868	147,839
(E) CASH AND CASH EQUIVALENTS - CLOSING BALANCE	235,546	203,868
Note : Cash and Cash Equivalents at the end of the year		
As per Balance Sheet	244,550	211,909
Less : Deposits with maturity period beyond three months / otherwise restricted	9,004	8,041
	235,546	203,868

In terms of our report attached

For D. RANGASWAMY & CO
Chartered Accountants
(Registration No.003073S)

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

For and on behalf of the Board

B. RAMANI
Partner
(Membership No.19603)

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

C. SIVA
Secretary

L. LAKSHMAN
Executive Chairman

Place: Chennai
Date : May 30, 2011

L. GANESH
Vice Chairman



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

as at March 31, 2011

SCHEDULE A SHARE CAPITAL

(Rs. '000)

	31.03.2011	31.03.2010
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

SCHEDULE B RESERVES AND SURPLUS

Description	As at 31.03.2010	Additions/Adjustments during the year	Deductions / Adjustments during the year	As at 31.03.2011
Capital Subsidy	2,192	-	(4,946)	7,138
Reserve fund	16,900	-	14,992	1,908
Capital Profit reserve	5,044	-	(4,846)	9,890
Capital Redemption Reserve	66,250	-	(36,522)	102,772
Investment allowance reserve	1,854	-	(1,782)	3,636
Capital Reserve on Amalgamation	208,377	-	205,454	2,923
Capital Reserve on Merger	-	-	(81,873)	81,873
Capital Reserve on Consolidation	177,192	-	(29,756)	206,948
Securities Premium	601,153	3,814	(42,039)	647,006
Hedge Reserve account	(1,693)	2,161	942	(474)
General Reserve	1,372,892	64,049	214,888	1,222,053
	2,450,161	70,024	234,512	2,285,673
Surplus in Profit and Loss Account	904,445	-	-	1,318,949
TOTAL	3,354,606			3,604,622

Note: The Company had restructured its business and operations in a phased manner in the last 3 to 4 years. Consequent to such restructuring, goodwill on consolidation had been recognized in excess in prior years. This has been reflected as an adjustment of Rs.230,320 ('000) to General Reserve with a corresponding reduction in Goodwill on Consolidation.

SCHEDULE C SECURED LOANS

	31.03.2011	31.03.2010
Term Loans from Banks/ Financial Institutions	1,903,723	1,496,496
Interest accrued and due	8,152	2,156
	1,911,875	1,498,652
Advances from Banks - Cash Credit	394,747	244,487
Other Loans	100,000	-
Share in Joint Ventures	17,500	17,500
	2,424,122	1,760,639

SCHEDULE D UNSECURED LOANS

	31.03.2011	31.03.2010
Fixed Deposits	384,320	383,165
Commercial Paper	-	50,000
Short term loan from bank/Financial Institutions	15,340	17,045
State Government (Interest free Loan)/Deferral Scheme	108,915	108,483
Interest accrued and due on short term loan	1,738	-
Share in Joint Ventures	219,708	64,983
	730,021	623,676

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

SCHEDULE E FIXED ASSETS

(Rs. '000)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK					
	As at 31.03.2010	Additions / Adjustments	Deductions / Adjustments	Addition/ adjustment on Consolidation	As at 31.03.2011	As at 31.03.2010	For the year	Deductions / Adjustments	Addition/ adjustment on Consolidation	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS												
Land - Leasehold	57,863	-	37	94	57,732	2,431	1,339	-	9	3,761	53,970	55,432
Land - Freehold	509,934	124,870	1,131	614	633,059	-	-	-	-	-	633,059	509,934
Buildings	976,676	55,860	152	1,085	1,031,299	216,929	30,612	215	165	247,160	784,139	759,747
Plant and Machinery	6,387,525	973,414	183,346	5,339	7,172,254	3,587,733	478,739	172,711	2,169	3,891,592	3,280,662	2,799,792
Furniture and Fittings	108,136	11,139	7,284	170	111,822	81,139	13,241	7,150	137	87,093	24,729	26,997
Office Equipment	138,438	14,089	8,212	40	144,275	120,316	10,983	5,877	22	125,400	18,875	18,122
Vehicles	19,727	4,040	2,923	1	20,843	12,752	2,795	2,675	1	12,871	7,971	6,975
Others	2,756	-	-	200	2,556	2,756	2	-	254	2,504	52	-
INTANGIBLE ASSETS												
Licence/Goodwill	120,814	1,296	-	52	122,058	82,368	8,555	24	37	90,863	31,195	38,446
Design and Drawings	15,234	-	5,697	-	9,538	4,570	3,378	-	-	7,948	1,590	10,664
Technical knowhow	794	-	-	16	778	13	13	-	-	25	753	781
Total	8,337,897	1,184,708	208,782	7,611	9,306,214	4,111,007	549,657	188,652	2,794	4,469,217	4,836,997	4,226,890
Share in Joint ventures											877,944	770,010
Previous year	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





SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at March 31, 2011

SCHEDULE F INVESTMENTS

	(Rs. '000)	
	31.03.2011	31.03.2010
Long Term Investments		
Trade Investments:		
Equity Shares Fully Paid-up- Quoted		
Kar Mobiles Limited	75,762	68,663
Sona Koya Steering Systems Limited	-	7
Wellington Corporate Foundation	1	1
Equity Shares Fully Paid-up- Quoted		
Rane Holdings Limited (own shares held through Trust)	-	1,659
Short Term Investments		
Mutual Fund	98,629	168,920
National Savings Certificate	-	50
	174,392	239,300
Aggregate value of Investments		
Quoted-Market value (Rs. '000) Rs 127,972 (Rs 192,262) (Rs. '000)	75,763	70,330
Mutual Funds/ Short term investments	98,629	168,970

SCHEDULE G INVENTORIES

	31.03.2011	31.03.2010
Stores and Spares	163,387	137,220
Loose Tools	59,982	44,832
Raw Materials and Components	441,443	305,442
Goods in Transit	38,817	30,685
Work-in-progress	219,760	177,383
Finished Goods	272,712	266,758
Share in Joint Ventures	401,947	315,142
	1,598,248	1,277,463

SCHEDULE H SUNDRY DEBTORS

	31.03.2011	31.03.2010
(Unsecured, Considered Good unless otherwise stated)		
Considered good		
Over six months old	7,447	5,365
Others	1,951,366	1,546,272
	1,958,813	1,551,637
Considered doubtful	-	-
Over six months old	17,897	15,896
	17,897	15,896
Less : Provision for doubtful debts	17,897	15,896
Share in Joint Ventures	501,431	328,185
	2,460,244	1,879,823

SCHEDULE I CASH AND BANK BALANCES

	31.03.2011	31.03.2010
Cash on hand	1,528	3,684
Cheques on hand	245	-
Scheduled Banks		
Current Accounts	113,053	92,308
Dividend Accounts	3,106	4,374
Margin Money Accounts	21,733	-
Deposit Accounts	55,804	65,583
Share in Joint Ventures	49,081	45,960
	244,550	211,909



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at March 31, 2011

SCHEDULE J LOANS AND ADVANCES

(Rs. '000)

	31.03.2011	31.03.2010
Advances recoverable in cash or in kind or for value to be received		
Considered Good	196,532	121,301
Considered Doubtful	2,516	-
	199,048	121,301
Less : Provision for doubtful Advances	2,516	-
	196,532	121,301
Advance payments and tax deducted at source	973,233	1,262,682
Less : Provision for Tax	815,133	1,165,762
	158,100	96,920
Advance payment of Fringe Benefit Tax (Net of Provisions)	1,066	-
Citibank Deffered Premium	4,272	6,777
Deposits	58,184	59,024
MAT Credit Entitlement	-	12,220
Balance with Customs, Excise and other authorities	83,822	115,015
Derivative Assets	598	-
Share in Joint Ventures	174,760	134,786
	677,334	546,043

CURRENT LIABILITIES AND PROVISIONS

SCHEDULE K CURRENT LIABILITIES

	31.03.2011	31.03.2010
Acceptances	169,007	132,583
Sundry Creditors For Goods and Services	1,569,465	1,221,089
Advances towards sale of assets	40,000	-
Other Liabilities	89,648	95,965
Deposits	148	130
Advances received from Customers	47,777	61,021
Unclaimed dividends/Deposits including interest	7,989	10,313
Interest accrued but not due on Loans / Deposits	30,283	17,985
Share in Joint Ventures	788,255	593,640
	2,742,572	2,132,726

SCHEDULE L PROVISIONS

	31.03.2011	31.03.2010
Provision for Compensated Absences	77,926	60,367
Provision for Warranty	38,916	27,733
Proposed Dividend	71,389	28,556
Tax on Proposed Dividend	11,583	4,743
Share in Joint Ventures	55,887	54,778
	255,701	176,177



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2011

SCHEDULE M SALES AND OPERATING REVENUE

	(Rs. '000)	
	31.03.2011	31.03.2010
Sales	12,899,461	9,212,647
Less : Excise Duty	1,043,996	657,695
	11,855,465	8,554,952
Other Operating Revenue	140,045	109,394
Share in Joint Ventures	3,999,168	3,055,549
	15,994,678	11,719,895

SCHEDULE N OTHER INCOME

	31.03.2011	31.03.2010
Dividend from investments - Gross	7,646	10,061
Interest Income	11,282	-
Profit on Sale of Investments	10,776	-
Profit on Sale of Assets (Net)*	2,918	265
Service Fees	43,562	37,330
Trade mark fee	18,498	16,732
Liability no longer required written back	24,428	20,339
Other Income	10,656	6,619
Share in Joint Ventures	37,134	21,729
	166,900	113,075

* Net of impairment loss provision reversed Rs.2,125 ('000)



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2011

SCHEDULE O MANUFACTURING AND OTHER EXPENSES

(Rs. '000)

	31.03.2011	31.03.2010
Raw materials and Components consumed (Net)	6,531,378	4,327,933
Stores and Tools consumed	508,291	404,733
Power and Fuel	477,630	351,636
(Accretion) / Decretion of work-in-progress and finished goods	(63,462)	37,620
Royalty and Technical Fees	52,830	25,059
Repairs and Maintenance		
- Plant and Machinery	171,697	146,493
- Buildings	37,440	23,897
- Others	69,344	52,460
Staff training expenses	3,292	-
Rent	24,606	8,799
Insurance	34,800	27,378
Rates and Taxes	28,069	27,195
Travelling and Conveyance	104,073	77,142
Professional Charges	172,260	100,364
Information system service / Communication and Other Expenses	14,906	33,170
Selling and Distribution Expenses	813,149	580,047
Provision for doubtful debts/advances	4,077	3,396
Bad Debts / Advances Written off	6,158	2,652
Warranty Claim	19,395	23,491
Directors' Sitting Fees	2,646	2,945
Audit Fees	4,765	5,152
Exchange Loss	3,365	26,280
Donation	14,330	6,032
Miscellaneous expenses	97,941	66,814
Share in Joint Ventures	3,142,951	2,314,790
	12,275,931	8,675,478

SCHEDULE P Employee Costs

	31.03.2011	31.03.2010
Salaries, Wages and Bonus	1,355,133	1,101,009
Contribution to Provident and other funds	111,366	119,445
Staff Welfare Expenses	213,597	164,273
Share in Joint Ventures	304,395	233,369
	1,984,491	1,618,096

SCHEDULE Q FINANCE CHARGES

	31.03.2011	31.03.2010
Interest on Loans	140,714	122,867
Fixed Deposits	39,853	29,888
Others	44,071	45,577
Bank Charges	11,054	15,752
Share in Joint Ventures	11,400	9,707
	247,092	223,791



ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

ACCOUNTING POLICIES

1. Principles and Particulars of Consolidation

A. Principles of Consolidation

The consolidated financial statements relate to Rane Holdings Limited (referred as “the company” or “the holding company”), its subsidiary companies, joint ventures and associate (Collectively referred to as “the group”).

- 1.1 The Consolidated financial statements of the group are prepared in accordance with the generally accepted accounting principles applicable in India (Indian GAAP). The Financial statements of the subsidiaries, Joint Ventures and associate used in the consolidation are drawn up to the same reporting date as that of the holding company i.e. March 31, 2011.
- 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(AS21) “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”.
- 1.3 The financial statements of the company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances, intra-group transactions and unrealized profits/losses on intra-company transactions.
- 1.4 Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures.

- 1.5 Investment in associate company is 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.

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 shown separately 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 statements.

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. Minority Interest share in the Net Profit for the year of the consolidated subsidiaries is identified and adjusted against the Profit after Tax of the group. The losses in subsidiary/s attributable to the minority shareholders are recognized to the extent of their interest in the equity of subsidiary/s.



B. Particulars of consolidation

The list of companies included in consolidation are as follows:

Companies *	Equity shares held		% of voting power held	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Subsidiaries				
Rane (Madras) Ltd.	5,446,675	5,438,125	53.6%	53.5%
Rane Diecast Ltd.	7,700,100	7,700,100	78.7%	78.7%
Rane Engine Valve Ltd.	2,759,686	2,754,521	53.6%	53.5%
Rane Brake Lining Ltd.	3,292,713	3,292,713	41.6%	41.6%
Joint Ventures				
Rane TRW Steering Systems Ltd.	4,369,123	4,369,123	50.0%	50.0%
Rane NSK Steering Systems Ltd.	8,771,000	8,950,000	49.0%	50.0%
JMA Rane Marketing Ltd.	360,003	360,003	49.0%	49.0%
Associate				
Kar Mobiles Ltd.	838,660	838,660	37.4%	37.4%

* All the above companies are incorporated in India

1.6 Financial Statements of JMA Rane Marketing Limited have been consolidated based on management accounts.

2. Basis of preparation of Financial Statements

2.1 The Financial Statements are prepared under the historical cost convention, on an accrual basis, in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) including the Accounting Standards notified by the Government of India/issued by the Institute of Chartered Accountants of India (ICAI), as applicable and the relevant provisions of the Companies Act, 1956 (the Act).

2.2 The preparation of consolidated financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the Financial Statements and the reported income and expenses like provision for employee benefits, provision for doubtful debts/ advances, useful lives of fixed assets, provision for taxation, etc., during the reporting period. Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Future results may vary from these estimates and such differences are recognized in the year in which the results are ascertained.

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

3.4 Intangible assets are stated at cost.

3.5 Subsidy received from State Government towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on finance are capitalized. Fixed assets that are fully depreciated are retained at a value of Re.1/-.

4. Depreciation

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

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 (other than computers)	3
4. Lab equipment	3
5. Computers	4
6. Jigs and Fixtures (included in Plant and Machinery)	3
7. Software License	3

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

4.4 Lease hold land is amortised over the period of lease.

4.5 Development cost on leasehold land is amortised over a period of 10 years.



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

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

5. Investments

5.1 Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for.

5.2 Current investments are carried at lower of cost and fair value.

6. Foreign currency transactions

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

6.2 Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end.

6.3 Exchange differences arising out of settlement / restatement are adjusted to:

- a. Cost of fixed assets, if the foreign currency liability is contracted towards fixed assets.
- b. Profit and loss account in all other cases.

6.4 Foreign currency liabilities/assets not covered by forward contracts are restated at the exchange rates prevailing at the year end.

6.5 Forward Exchange Contracts (Derivative Instruments) not intended for trading or speculation purposes. The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

6.6 Derivative Instrument and hedge accounting

In case of certain Subsidiaries and Joint Ventures exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency, those Companies limits the effects of foreign exchange rates fluctuations by following established risk management policies including the use of derivatives. The group enters into forward exchange and option contracts, to hedge its risks associated with the foreign currency fluctuations.

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30 "Financial Instruments : Recognition and Measurement", the Company has opted to follow the recognition and measurement principles relating to the derivatives as specified in the Standard. 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.

7. Borrowing costs

7.1 Borrowing costs attributable to acquisition or construction or production 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 and are capitalized as part of the cost of that asset. 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. Inventories are written down for obsolete/slow moving/non-moving items wherever necessary. Cost of loose tools is amortized over a period of three years. Inventory lying in customs bonded warehouse is valued inclusive of customs duty payable on clearance.

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 are accounted for as follows:

Provident Fund

The Company contributes to a government administered Provident fund on behalf of its employees, which are charged to the profit and loss account. The company has no obligations for future provident fund benefits other than its monthly contributions.

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

Superannuation Fund

This is a defined contribution plan, where a portion of the employee's salary is contributed towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). There are no further obligations for future superannuation benefits other than the annual contributions which is recognised as expense as and when due.

Gratuity

This is a defined benefit plan and is administered by LIC. The liability is determined based on the actuarial valuation as at the Balance Sheet date, 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.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on net basis.

Long term Compensated Absences

The liability for Long term Compensated Absences is provided for based on actuarial valuation as at the Balance Sheet, using projected unit credit method.

Termination benefits

In regard to a Subsidiary Company, Rane (Madras) Ltd. Termination benefit represents compensation towards Voluntary Retirement Scheme which is expensed as incurred. Termination benefits falling due for more than twelve months after the balance sheet date are accounted using appropriate discount rates.

11. Revenue recognition

11.1 Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales include Excise Duty and are net of sales returns, discounts and Sales Tax.

11.2 Tooling advance received from customers which are not adjustable against the supplies are recognized as Sales in the proportion to the volume of sales during each year bears to the total volume of the respective product as ordered by the customer / on the basis of estimates of the Management. Scrap income is recognized on receipt basis.

11.3 Provision for product warranty claims is estimated as a percentage of sales based on past experience.

11.4 Income from Job work/Services is recognized on rendering the services.

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

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

12. Income Tax

12.1 Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.

12.2 Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

12.3 Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is



convincing evidence that the company will pay normal tax in the future years. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the company and the asset can be measured reliably. This asset is reviewed for the appropriateness of its carrying amount of each Balance Sheet date.

13. Impairment of 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 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. In case of fixed assets, after impairment, depreciation is provided on the revised carrying amount of the assets over their remaining useful lives. If such impairment ceases to exist then the same is recognized as income of that year.

14. Provision, Contingent Liabilities and Contingent Assets

14.1 Provisions are recognized only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. 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. Share Capital

Paid up Equity Share Capital includes the following:

- a. 3,665,130 (3,665,130) Equity Shares of Rs.10 each allotted as fully paid Bonus Shares from General Reserves.
- b. 1,650,000 shares with par value of Rs.10 were allotted, in an earlier year, 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.
- c. 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.

2. Goodwill

The company had restructured its Business and Operations in a phased manner in the last few years. Consequent to such restructuring Goodwill on Consolidation had been recognised in excess in prior years to the extent of Rs.230,320 ('000). This has been reflected as an adjustment to General Reserve Rs.230,320 ('000) with a corresponding reduction to Goodwill on consolidation in the current year.

3. Manufacturing and Other Expenses Audit fees (Including for other auditors):

(Rs.'000)

Description	2010-2011	2009-2010
Statutory Audit	5,655	4,905
Tax Audit	899	725
Others (Other professional services including Limited Review Fees & out-of-pocket expenses)	5,995	794

4. Rane Engine Valve Limited, a Subsidiary has, in compliance with Notification No. GSR226(E), dated 31st March, 2009 issued by Ministry of Corporate Affairs, the company has exercised the option in terms of newly inserted paragraph 46 to the Accounting Standard – AS -11 “the effect of changes Foreign Exchange Rates”. Accordingly, the exchange differences, fluctuation gain of Rs.788,722 (fluctuation loss of Rs.9,853,024) adjusted to cost of fixed assets arising on settlement/translation of foreign currency monetary items utilized to acquire depreciable capital assets.



5. 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)

	2010-2011	2009-2010
Present value of obligation at the beginning of the year	294,314	249,646
Interest Cost	23,603	18,597
Current service cost	22,553	16,457
Benefits paid	(26,126)	(26,836)
Actuarial (gain) / loss on obligation	3,490	36,451
Present value of obligation as at the end of the year*	317,834	294,315
Fair value of plan assets at the beginning of the year	245,212	214,760
Expected return on plan assets	23,556	20,800
Contribution	46,418	36,233
Benefits paid	(26,031)	(26,817)
Actuarial gain / (loss) on plan assets	(176)	238
Fair value of plan assets at the end of the year*	288,979	245,214
Amounts recognized in the balance sheet		
Present value of obligation as at the end of the year	317,834	294,315
Fair value of plan assets at the end of the year	288,979	245,214
Funded status of the plan - (asset) / liability*	28,855	49,101
Amounts recognized in the statement of profit and loss		
Current service cost	22,553	16,457
Interest cost	23,603	18,597
Expected return on plan assets	(23,556)	(20,800)
Net actuarial (gain) / loss recognized in the year	3,666	34,847
Expenses recognized in the statement of profit and loss*	26,266	49,101
Principal actuarial assumptions as at balance sheet date		
Discount rate	8 to 9%	7 to 8%
Salary escalation	4.5 to 10%	4.5 to 8%
Expected return on plan assets	8 to 9.40%	8 to 9%
Attrition rate	1 to 10%	1 to 3%
Share in Joint Ventures*		
Present value of obligation as at the end of the year	29,951	24,240
Fair value of plan assets at the end of the year	22,713	16,770
Funded status of the plan - (asset) / liability	7,238	7,470
Expenses recognized in the statement of profit and loss	8,659	6,903

(b) Long Term Benefits - Compensated absence

	2010-2011	2009-2010
Principal actuarial assumptions as at balance sheet date		
Discount rates	8 to 9%	7 to 8%
Salary escalation	4.5 to 10%	4.5 to 10%
Attrition rate	1 to 10%	1 to 3%

- The entire Plan Assets are managed by Life Insurance Corporation of India (LIC). The data on Plan Assets and Experience adjustments have not been furnished by LIC.
- The expected return on Plan Assets is as furnished by LIC.
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

(c) Other Disclosures

Principal actuarial assumptions as at balance sheet date	2010-2011	2009-2010	2008-2009	2007-2008
Discount rate	8 to 9%	7 to 8%	7 to 8%	7 to 8%
Salary escalation	4.5 to 10%	4.5 to 10%	4.5 to 10%	4.5 to 10%
Attrition rate	1 to 10%	1 to 3%	3 to 5%	3 to 5%



6. Contingent Liabilities not provided for

(Rs.'000)

Description	31.03.2011	31.03.2010
Letter of Credits & Guarantees issued by Bank	145,387	189,399
Guarantees issued/Undertakings given	349,800	356,067
Bills discounted	35,914	303,154
Claims against the Company not acknowledged as debts	294,354	192,082
Estimated amount of contracts remaining to be executed on capital account (net of advance)	547,780	218,500
Share in Joint Ventures	321,748	337,165

7. Operating Leases

The Company has operating lease agreements for office space and residential accommodation generally for a period of one to three years with option to renew with escalation. As per the lease terms a sum of Rs.3,333 ('000) Previous year Rs.2,945 ('000) has been recognised in the Profit and Loss Account.

Office Equipment and cars are taken on lease for a period ranging from one year to five years and are renewable at the option of the company. Rentals for the year ended 31st March 2011 amounted to Rs. 6,398 ('000) Previous year Rs.6,856 ('000).

8. Deferred Tax Liability & Deferred Tax Asset

(Rs.'000)

Deferred Tax Liability	31.03.2011	31.03.2010
Depreciation	343,427	371,210
43B Disallowances	(46,191)	(160,029)
Others	(68,488)	(43,505)
Total	228,748	167,676

Deferred Tax Asset	31.03.2011	31.03.2010
Depreciation	19,526	19,996
43B Disallowances	(1,00,602)	(93,600)
Total	(81,076)	(73,604)

9. Warranties

The details of Provision for Warranties is given below:-

(Rs.'000)

Particulars	2010-2011	2009-2010
Opening Balance	27,733	9,252
Add: Provision created during the year	64,243	52,274
Less: Utilised during the year	53,060	33,793
Closing Balance	38,916	27,733
Share in Joint ventures	38,061	36,120



10. Related Party Transactions

Related Party Transactions – Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges and Accounting Standard 18

(Rs.'000)

Description & Names of the related parties	2010-2011		2009-2010	
	Value	Outstanding	Value	Outstanding
Associate Company				
Service Fees Received	11,752	-	15,822	-
Dividend Received	4,613	-	4,151	-
Joint Venture Companies				
Service Fees Received	34,675	5	21,508	-
Trade Mark Fees Received	25,173	8,613	16,733	741
Trade Mark Fees Paid	50,115	31,276	-	-
Dividend Received	45,131	-	83,528	-
Reimbursement of expenses	13,378	-	11,515	-
Purchase of Material Components	196,561	-	550,153	-
Purchase of Capital Goods	211,476	427,298	-	-
Royalty Paid	37,988	-	26,172	214,645
Key Managerial Personnel (KMP)				
Sitting fees				
L Lakshman	-	-	23	-
L Ganesh	-	-	188	-
Salary and other Perquisites				
L Lakshman	5,611	-	5,501	-
L Ganesh	8,083	-	7,068	-
Commission				
L Lakshman	6,960	6,960	6,030	6,030
L Ganesh	9,490	3,090	5,678	2,019
Fixed Deposits Accepted/Renewed/Repaid				
L Lakshman	1,300	6,080	2,080	4,780
L Ganesh	-	1,550	1,500	1,550
Interest Paid				
L Lakshman	295	-	306	-
L Ganesh	230	-	99	-
Relatives of the KMP				
Sitting Fees	110	-	133	-
Fixed Deposits Accepted/Renewed/Repaid	6,425	25,175	6,700	16,800
Interest Paid	2,517	-	1,632	-
Enterprise over which KMP can exercise Significant influence				
Donation Paid to Rane Foundation	20,000	-	6,000	-

Associate Company	:	Kar Mobiles Limited (KML)
Joint Venture Companies	:	Rane TRW Steering Systems Limited (RTSSL) Rane NSK Steering Systems Limited (RNSSL) JMA Rane Marketing Limited (JMA - Rane) NSK Limited TRW Automotive JV LLC
Key Managerial Personnel (KMP)	:	Mr. L. Lakshman, Executive Chairman Mr. L. Ganesh, Vice Chairman
Enterprise over which KMP can exercise significant influence	:	Rane Foundation
Relatives of KMP	:	Mr. Harish Lakshman, Mrs. Pushpa Lakshman, Mrs. Vanaja Aghoram, Mrs. Shanti Narayan, Mr. Vinay Lakshman, Mrs. Hema C Kumar, Mrs. Meenakshi Ganesh, Mrs. Aparna Ganesh, Mr. Aditya Ganesh



11. Segment reporting

The company holds strategic investments in subsidiaries, joint ventures and associates (collectively called as “the Group”) all of which operate in single segment viz., components for transportation industry and also provides consultancy and other services to the Group. Further the company does not have any operations outside India.

For Secondary segment, the company has identified geographical segments and the same is considered for i.e., India and Rest of the World.

The geographical segments considered for disclosure are – India and Rest of the World based on location of customers. All the manufacturing facilities are located in India:

(Rs.'000)

Particulars	31.03.2011	31.03.2010
Revenue by Geographical Segment		
India	5,070,010	3,995,431
Rest of the world	1,062,185	218,372
Carrying amount of Segment Assets		
India	455,151	374,915
Rest of the world	232,966	69,458
Carrying amount of Capital Expenditure		
India	380,769	313,321
Rest of the world	-	-

12. Derivative Instrument and hedge accounting

As per Accounting Standard AS 30 “Financial Instruments: Recognition and Measurement”, Rane Engine Valve Limited, a Subsidiary has provided for the effective portion amounting to Rs. Nil (Rs.2.06M) of the changes in the fair values of forward contracts and options designated as cash flow hedges directly in ‘Hedge Reserve Account’ being part of the shareholders’ funds the changes in fair value relating to the ineffective portion amounting to Rs.0.27 M (Rs.0.08 M) of the cash flow hedges and forward contracts / options are recognised in the profit and loss account.

In respect of Rane TRW Steering Systems Limited., a Joint Venture Company, the disclosure is as follows:

(Rs.'000)

Particulars	31.03.2011			31.03.2010		
	Foreign Currency	No. of Contracts	Notional amount of Forward Contracts	MTM Gain / (Loss)	No. of Contracts	Notional amount of Forward Contracts
US Dollar	10	18,23,962	(3007)	6	633,000	(930)
Euro	9	7,09,658	476	5	352,000	(1,803)
GBP	5	62,000	(115)	8	84,459	(356)
JPY	7	23,200,000	(523)	10	64,497,600	(2,181)

In respect of Rane NSK Steering Systems Limited, a Joint Venture Company, the Exchange difference (Debit) to be recognised in subsequent accounting period in respect of forward exchange contracts Rs.3,690 ('000) (Previous Year Rs.1,950 ('000))

In respect of Rane Diecast Limited, a Subsidiary Company the Derivative instruments outstanding as at the Balance Sheet is as follows:

Amount in Foreign Currency

Particulars	Bought/Sold	As at 31.03.2011	As at 31.03.2010
Principal Swap	Bought	USD 77,70,000	-



In respect of Rane Engine Valve Ltd., a subsidiary Company, the disclosure is as follows:

	Purpose	Nature	Currency	31.03.11	31.03.10	31.03.11	31.03.10
				FCY Amount'000		INR Amount'000	
1	Forward Currency Swap Outstanding ECB Loan taken in JPY 351,433,247 and swapped against USD ECB Loan taken in USD 5,910,000 and swapped against INR	Cross Currency Swap	USD	614	1,432	27,517	64,743
			INR	2,216	3,694	89,175	148,625
2	Payable in JPY	Currency Swap	INR	99,591	160,642	55,424	83,844
	Payable in USD	Currency Swap	INR	250	499	11,227	22,626
	Receivable in USD	Currency Swap	INR	700	220	32,299	10,202
	Receivable in EURO	Currency Swap	INR	200	475	12,351	29,834
	Receivable in AUD	Currency Swap	INR	-	95	-	3,924
3	Receivable in USD	Currency Options	INR	-	-	-	-
4	Unhedged Foreign Currency Exposure a) ECB Loan taken in USD b) ECB Loan taken in JPY 351,433,247 and swapped against USD c) PCFC Loan in USD d) PCFC Loan in EURO e) Outstanding Debtors f) Outstanding Creditors - Goods g) Outstanding Creditors - Expenses		USD	125	313	5,575	14,028
			USD	426	1,058	19,019	47,512
			USD	1,300	1,314	57,890	58,992
			EURO	705	1,300	44,683	78,636
			USD	1,370	1,352	61,100	60,692
			EURO	381	255	24,154	15,447
			GBP	103	19	7,380	1,316
			AUD	60	-	2,786	-
			USD	245	315	10,947	14,136
			GBP	6	25	439	1,667
			JPY	-	24,006	-	11,537
			USD	-	5	-	246
			EURO	8	35	489	2,350
			AUD	-	13	-	519

13. Figures of the previous year have been regrouped wherever necessary to conform to the current year's presentation.

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

For and on behalf of the Board

C. Siva
Secretary

L. Lakshman
Executive Chairman

Place: Chennai
Date: May 30, 2011

L. Ganesh
Vice Chairman



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Seventy Fifth Annual General Meeting** of the Equity Shareholders of Rane Holdings Limited will be held at **10.15 a.m. on Friday, the August 5, 2011, at Narada Gana Sabha (Main Hall), No. 314, TTK Road, Chennai - 600 018**, to transact the following :-

ORDINARY BUSINESS :

1. **To receive, consider and adopt the Directors' Report, the audited accounts of the Company for the year ended March 31, 2011 and the Auditors' report thereon.**

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

"Resolved that the Audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended March 31, 2011 together with the Reports of the Directors and the Auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. **To declare dividend on equity shares**

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

"Resolved that the interim dividend of Rs.7.50 per equity share declared by the board of directors of the Company on February 03, 2011 on 14,277,809 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.124.87 million (including dividend distribution tax and cess thereon), paid to the shareholders in February 22, 2011 for the year ended March 31, 2011, be and is hereby approved."

"Resolved further that final dividend of Rs.5/- 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, 2011, absorbing an amount of Rs. 82.97 million (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear on the Company's Register of Members as on August 5, 2011 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 29, 2011 as per the details furnished by the Depositories for this purpose."

3. **To appoint a director in the place of Mr. Krishnan S Waran, 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. Krishnan S Waran, 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. Shujaat Khan, 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. Shujaat Khan, 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.**

Both M/s. D Rangaswamy & Co., Chartered Accountants, Chennai and M/s Deloitte Haskins & Sells, Chartered Accountants, Chennai, the Joint statutory auditors of the Company, retire at this meeting. M/s. D Rangaswamy & Co., Chartered Accountants, have expressed a desire to relinquish the audit and are not seeking re-appointment. M/s. Deloitte Haskins & Sells have expressed their willingness to continue as statutory auditors of the company and are eligible for re-appointment. Required declaration under Section 224(1B) of the Companies Act, 1956 has been received from M/s. Deloitte Haskins & Sells.

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

"Resolved that pursuant to Section 224A and other applicable provisions of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 008072S with the Institute of Chartered Accountants of India), be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of traveling and other out-of-pocket expenses actually incurred by them in connection with the audit."



SPECIAL BUSINESS :

6. Appointment of Director

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

“Resolved that Mr. Anjanikumar Choudhari, who holds office as an additional director of the Company up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office shall be subject to retirement by rotation”.

7. Re-appointment of Mr. L Lakshman as Managing Director in the designation of 'Executive Chairman'

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

“Resolved that in accordance with the provisions of Section 198, 269, 309, 310, 311 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and such other approvals as may be required, Mr. L Lakshman be and is hereby re-appointed as Managing Director' within the meaning of Section 2(26) of the Act in the designation of 'Executive Chairman' with effect from April 1, 2011, for a period of three years viz., from April 1, 2011 to March 31, 2014 on the following terms of remuneration:-

(i) Salary

In the scale of Rs.290,000 - Rs.425,000 per month. Annual increase will be effective from April 1, 2011 and thereafter 1st April every year. The quantum of increase will be decided by the Board of Directors.

(ii) Perquisites

Perquisites like the provision of unfurnished accommodation, superannuation allowance, gas, electricity, water, furnishings, fee to clubs, personal accident insurance, use of chauffeur driven car/s, telephone at residence, medical insurance, medical reimbursement for self and family, medical allowance, leave & leave encashment, leave travel concession etc., 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.

(iii) 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. Gratuity payable shall be as per the rules of the Company.

(iv) Commission

Commission not exceeding 24 months salary for each financial year.

“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 Managing Director, he will be paid remuneration not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration.”

8. Re-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, 310, 311 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, Mr. L Ganesh be and is hereby re-appointed as Joint Managing Director of the Company in the designation of 'Vice-Chairman', for a period of three years viz., from April 1, 2011 to March 31, 2014 on the following terms of remuneration:



(i) **Salary**

In the scale of Rs.400,000 - Rs.550,000 per month. Annual increase will be effective from April 1, 2011 and thereafter 1st April every year. The quantum of increase will be decided by the Board of Directors.

(ii) **Perquisites**

Perquisites like the provision of unfurnished accommodation, superannuation allowance, gas, electricity, water, furnishings, fee to clubs, personal accident insurance, use of chauffeur driven car/s, telephone at residence, medical insurance, medical reimbursement for self and family, medical allowance, leave & leave encashment, leave travel concession etc., 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.

(iii) **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. 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 Joint-Managing Director, he will be paid remuneration not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration."

9. **Investment in other bodies corporate engaged in design and / or manufacture of defence, aerospace, shipping, railway products and systems and renewable energy projects.**

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

"Resolved that pursuant to Sections 292, 372A and other applicable provisions of the Companies Act, 1956 or any amendments or modifications thereof (including any statutory modification, re-enactment thereof for the time being in force) and subject to any other approvals as may be required from lenders, consent and approval of the members be and is hereby accorded to the Board of Directors of the company to invest / acquire by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non-convertible) or any other financial instruments for an amount upto an aggregate of Rs.600 million, from time to time and / or in one or more tranches, in one or more bodies corporate, whether existing or proposed to be incorporated, engaged or proposed to be engaged, directly or indirectly, in the development and / or manufacture of products for defence applications, aerospace, shipping, railways, renewable energy projects and / or other sectors, notwithstanding the fact that the aggregate of investments so far made, securities so far provided, loans / guarantees so far given by the Company together with the proposed investments exceed 60% of the paid-up capital and free reserves of the Company or 100% of its free reserves, whichever is higher."

"Resolved further that the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred, to any committee of Directors or any one or more Directors of the Company."

"Resolved further that for the purpose of giving effect to the above, the Board of Directors of the Company and /or Committee of Directors constituted for this purpose be and are hereby authorized to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investment and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith."

(By order of the Board)
For **Rane Holdings Limited**

Chennai
May 30, 2011

C. Siva
Secretary



NOTES:

1. **Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as given in the notice is annexed.
3. The Register of Members of the Company will remain closed from **Saturday, July 30, 2011 to Friday, August 5, 2011** (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2005 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Members are requested to contact the Company's Registrars and Transfer Agents, for payment in respect of the unclaimed dividend for the financial year 2004-05 and thereafter declared by the company.
5. Ministry of Corporate Affairs (MCA) vide circular no.17/2011 dated April 29, 2011 permitted sending all communications to members by electronic mail (e-mail), as a measure of "Green Initiative in Corporate Governance". In line with the ministry's direction your company intends to send all future communication to members by e-mail including notice of the annual general meeting and annual report, to the e-mail address you have already registered with your respective Depository Participants (DPs). We encourage your participation and expect your support in this initiative. In case you are yet to register your e-mail address, please update the same with your DP. Members holding shares in physical form may register their e-mail address with the Registrar and Share Transfer Agents (RTA) or write to us at investorservices@rane.co.in. All members are entitled to receive the communication in physical form upon request for the same.
6. As a part of 'Green initiative in corporate governance', MCA has enabled shareholders' participation in general meeting through electronic mode i.e., video conference. The company is in support of the initiative, however taking into consideration the infrastructural arrangements required for enabling such participation, the company is not extending this facility for this annual general meeting.
7. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential and/or e-mail address to the Registrars and Transfer Agents:

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

Members holding shares in demat form are requested to update the change in their residential and/or e-mail address with their respective Depository Participants (DPs).
8. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.
9. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Resolution No.6**

The Board of Directors of the company co-opted Mr. Anjanikumar Choudhari on October 27, 2010 as additional director.

Mr. Anjanikumar Choudhari is a Mathematics & Statistics Graduate and holds a Master's degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai. He is Director of Mahindra Institute of Quality and has been a guest lecturer at IIM Calcutta and Bangalore. Mr. Choudhari joined Mahindra & Mahindra (M&M) group in 1999 and since then held number of senior positions within the group and served as a director on the boards of Mahindra group companies in India as well as overseas. Before joining M&M he worked for 25 years with Hindustan Unilever Limited. Mr Choudhari has won several awards including Rotary International award in 1995 and 'Udyog Rattan' in 2007. He is the founder President of the Shanghai Indian Business Association started in 1996. His knowledge and experience would be beneficial to the Company.

Information about Mr. Anjanikumar Choudhari, in accordance with Clause 49 IV of the Listing Agreement is attached.

The term of Mr. Anjanikumar Choudhari, as per Section 260 of the Companies Act, 1956 is only up to the succeeding Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956, along with the requisite deposit amount has been received from a member signifying the intention to propose his candidature for the office of director of the Company.

Mr. Anjanikumar Choudhari is deemed to be interested in the resolution. None of the other directors is concerned or interested in the resolution.

Your directors commend the resolution for adoption.

Resolution No.7 and 8

The tenure of appointment of Mr. L Lakshman and Mr. L Ganesh as Managing Director and Joint Managing Director, respectively, expired on March 31, 2011. The Board of Directors at their meeting held on March 26, 2011 has, subject to the approval of the shareholders, reappointed Mr. L Lakshman as Managing Director in the designation of Executive Chairman and Mr. L Ganesh as Joint Managing Director in the designation of Vice-Chairman, for a period of three years from April 1, 2011 on the terms of remuneration as detailed in the resolution.

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

I. General Information:

The Company is engaged in making and holding investments in other group companies. The financial performance of the Company for the year ended March 31, 2011 is given below:

	Rs. million
Sales & Operating Revenue	484.21
Profit Before Tax	431.37
Provision for Tax	31.08
Profit After Tax	400.29



II. Information about the appointee Mr. L Lakshman and Mr. L Ganesh:

Background details:

Name of the Director	Mr. L Lakshman	Mr. L Ganesh
Father's Name	Mr. L L Narayan	Mr. L L Narayan
Date of Birth	July 17, 1946	March 18, 1954
Educational Qualifications	B.E., Executive MBA from London Business School	B.Com., ACA, MBA
Experience	Mr. L Lakshman has been spearheading the business of different companies in Rane Group and has more than 41 years of industrial experience.	Mr. L Ganesh, Chairman of Rane Group, is closely involved in management of all companies in Rane Group and has over 32 years of industrial experience.
Past Remuneration (2010-11) (Rs'000)	Remuneration : Rs.5,611 Commission : Rs.6,960	Remuneration : Rs.8,084
Recognition / Awards	Mr. L Lakshman has served as President of ACMA, Madras Chamber of Commerce & Industry and ASSOCHAM, a federation of Chambers of Commerce and has been an active member in various industry forums.	Mr. L Ganesh, has served as President-Automotive Components Manufacturers Association & Madras Management Association, Southern Regional Chairman of Confederation of Indian Industries (CII). Presently, he is a National Council member of CII.
Job Profile and his suitability	Overall management of the Company. Given his qualification and experience, Mr. L Lakshman is considered well suited for the position.	Overall management of Rane Group. Given his qualification and experience, Mr. L Ganesh is considered well suited for the position.
Comparative remuneration profile with respect to the industry	The proposed remuneration package of the appointee is in line with the prevailing remuneration package in the industry, size of the company, profile of the position, etc.	The proposed remuneration package of the appointee is in line with the prevailing remuneration package in the industry, size of the company, profile of the position, etc.
Remuneration Proposed	Detailed in the resolution. The remuneration proposed is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.	Detailed in the resolution. The remuneration proposed is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.
Date of Appointment	July 1, 1996 (as Managing Director)	August 1, 2009 (as Joint Managing Director)
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 JMA Rane Marketing Limited Force Motors Limited DCM Engineering Limited Automotive Stampings and Assemblies Limited Tata AutoComp Systems Limited 	<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 JMA Rane Marketing Limited EIH Limited EIH Associated Hotels Limited
Committee Memberships	<p>Chairman – Audit</p> <ol style="list-style-type: none"> Kar Mobiles Limited Rane TRW Steering Systems Ltd. Rane NSK Steering Systems Ltd. <p>Member – Audit</p> <ol style="list-style-type: none"> Rane (Madras) Limited Rane Engine Valve Limited Automotive Stampings and Assemblies Limited Tata AutoComp Systems Limited <p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> Rane (Madras) Limited Rane Engine Valve Limited <p>Member – Investors' Service</p> <ol style="list-style-type: none"> Rane Holdings Limited 	<p>Chairman – Audit</p> <ol style="list-style-type: none"> EIH Associated Hotels Limited <p>Member – Audit</p> <ol style="list-style-type: none"> Rane Holdings Limited Rane Brake Lining Limited Kar Mobiles Limited Rane TRW Steering Systems Ltd. Rane NSK Steering Systems Ltd. <p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> Kar Mobiles Limited <p>Member – Investors' Service</p> <ol style="list-style-type: none"> Rane Holdings Limited Rane Engine Valve Limited Rane Brake Lining Limited



Mr. L Lakshman holds 560,075 equity shares and Mr. L Ganesh holds 746,404 equity shares in the Company.

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

None of the directors of the Company is in any way concerned or interested in the above resolutions. except, Mr L Lakshman, Executive Chairman, Mr L Ganesh, Vice-Chairman and Mr Harish Lakshman, Director who are related to each other.

Your directors commend the resolutions for adoption.

Resolution No.9

Rane Group is a leading auto component manufacturer in India. In view of the emerging opportunities on account of liberalization and offset policies of the government in aerospace and defence sectors, the Company has been looking to foray in these areas. While group companies are already exploring individually new business areas as a natural extension of existing product range or competencies, the Company is looking at investments in companies manufacturing products for defence, aerospace, shipping, railways, renewable energy projects and / or other sectors. Some of these products are, illustratively, wiring harness for aerospace, special control systems for defense applications, electronic controls for naval applications, electrical interconnection solutions, electromechanical assemblies, railway safety equipment systems, windmills etc.

The Company is carrying out detailed study on the opportunities available in these sectors and proposes to invest, out of its internal resources and / or borrowings, an aggregate amount not exceeding Rs.600 million, in or more tranches, in one or more bodies corporate engaged in the development and/or manufacture of the above products / products.

In terms of Section 372A of the Companies Act, 1956, for making of any investment / giving any loan / guarantee / providing security in excess of 60% of the paid up capital and free reserves or 100% of the free reserves whichever is higher, approval of members is required by way of special resolution. The specific approvals available to the Company for investments, loan, guarantees, etc., are an aggregate amount of Rs.3,435 million. As on date, the total investments, loan, guarantees, etc., made/given by the Company is Rs.2,337.62 million. With the proposed investments, if approved by the members, the maximum amount up to which the Company can invest, give loan, provide guarantee or security is Rs.4,035 million or the limits under the said section, whichever is higher.

None of the directors are deemed to be interested in the resolution except to the extent of their shareholding in the Company.

Your directors commend the resolution for adoption.

(By order of the Board)
For **Rane Holdings Limited**

Chennai
May 30, 2011

C. Siva
Secretary



Information about directors seeking appointment / re-appointment in this Annual General Meeting in respect of item Nos. 3 , 4 & 6 of the Notice (In accordance with Clause 49 IV of the Listing Agreement)

	Item No. 3	Item No. 4	Item No. 6
Name of the Director	Mr. Krishnan S Waran	Mr. Shujaat Khan	Mr. Anjanikumar Choudhari
Father's Name	Mr. K Appu Iyer	Mr. Shaheryar Khan	Mr. Ramashankar Choudhari
Date of Birth	December 13, 1945	January 18, 1970	April 22, 1944
Educational Qualifications	Post-graduate in Commerce and Financial Management	BA, MBA (USA)	BA, Masters of Management Studies
Experience	Mr. Krishnan S Waran aged 66 years is a Financial Consultant. He has 41 years of experience in his profession.	Mr. Shujaat Khan has 19 years of rich industrial experience.	Mr. Anjanikumar Choudhari has 40 years of rich industrial experience.
Date of appointment	January 30, 2004	October 29, 2007	October 27, 2010
Other directorships	<ol style="list-style-type: none"> Goa Glass Fibre Ltd. Gitanjali Gems Ltd. Interactive Relative International (P) Ltd. Interactive Entertainment (P) Ltd. Sangamam Homes (P) Ltd. Digital Brands India Pvt. Ltd. 	<ol style="list-style-type: none"> KPR Mills Ltd., KMC Constructions Ltd. Blue River Capital India Advisory Services Pvt. Ltd. Blue River Capital Advisory (I) Pvt. Ltd. Five K Properties Pvt. Ltd., 	<ol style="list-style-type: none"> Mahindra Logistics Ltd. Bristlecone Limited
Committee Memberships	<p>Chairman - Audit</p> <ol style="list-style-type: none"> Rane Holdings Ltd. Goa Glass Fibre Ltd. <p>Member - Audit</p> <ol style="list-style-type: none"> Gitanjali Gems Ltd. 	<p>Chairman – Audit</p> <ol style="list-style-type: none"> KMC Constructions Ltd. 	<p>Member – Audit</p> <ol style="list-style-type: none"> Mahindra Logistics Ltd.
No. of shares held	Nil	Nil	Nil

(By order of the Board)
For **Rane Holdings Limited**

C. Siva
Secretary

Chennai
May 30, 2011



Notes



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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. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and 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.



Rane Holdings Limited