



Rane (Madras) Limited

6th ANNUAL REPORT 2010

Board of Directors

L GANESH - Chairman
 L LAKSHMAN
 P S KUMAR
 V NARAYANAN
 HARISH LAKSHMAN
 R NATARAJAN (upto March 22, 2010)
 M LAKSHMINARAYAN
 T MUKHERJEE

Audit Committee

V NARAYANAN - Chairman
 P S KUMAR
 L LAKSHMAN
 M LAKSHMINARAYAN

Investors' Service Committee

L LAKSHMAN - Chairman
 HARISH LAKSHMAN
 P S KUMAR

President

S PARTHASARATHY

General Manager-Finance

P KRISHNAMOORTHY

Auditors

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

Listing of shares with

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

Bankers

Canara Bank, Chennai-600 002.
 State Bank of India, Chennai-600 001.
 HDFC Bank Limited, Chennai-600 002.
 IDBI Bank Limited, Chennai-600 015.

Registered Office

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

Plants

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

Registrar & Transfer Agents

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

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Sixth Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m.** on **Monday, the July 19, 2010**, at **The Music Academy (Mini Hall)**, New No. 168, TTK Road, Royapettah, Chennai 600 014, to transact the following :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, the audited accounts of the Company for the year ended March 31, 2010 and the Auditors' report thereon.

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

"Resolved that the Audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended March 31, 2010 together with the Reports of the Directors and the Auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To declare dividend on equity shares

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

"Resolved that the interim dividend of Rs.2.50 per equity share declared by the board of directors of the Company on January 18, 2010 on 10,164,145 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.29.73 million (including dividend distribution tax and cess thereon) paid to the shareholders in February 2010 for the year ended March 31, 2010, be and is hereby approved."

"Resolved further that **final dividend of Rs.2.00** per equity share of Rs.10 each on 10,164,145 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2010, absorbing an amount of Rs.23.78 million (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appears on the Company's Register of Members as on **July 19, 2010** and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on **July 13, 2010** as per the details furnished by the Depositories for this purpose."

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

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

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

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

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

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

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

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

"Resolved that M/s. Price Waterhouse & Co., Chartered Accountants (Registration No. 007567S with the Institute of Chartered Accountants of India), be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS :

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

“Resolved that Mr. T Mukherjee, 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. To consider adoption of the following resolution, with or without modification, as a **special resolution**:

“Resolved that pursuant to the provisions of Section 309(4)(b) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be required, the payment and distribution by way of commission to Mr. L Ganesh, Chairman, not exceeding one percent (1%) of the net profits of the company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, 1956 with effect from April 1, 2009 for a period of three years be and is hereby approved.”

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

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

Chennai
May 20, 2010

L Ganesh
Chairman

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 **Wednesday, July 14, 2010 to Monday, July 19, 2010** (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 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. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential address to the following address:

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

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

6. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

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

Resolution No.6

The Board of Directors of your Company co-opted Mr. T Mukherjee on January 19, 2010 as additional director. Mr. T Mukherjee is an Engineer and a specialist in Ferrous Metallurgy with over 40 years of diverse experience in handling Indian and overseas assignments. He was a member of various national / international organisations in the field of metallurgy engineering. He is also the recipient of many honours, awards and prizes in Metallurgy. He was elected as Fellow of Royal Academy of Engineering, UK and had an honorary degree "Doctor of Metallurgy" from University of Sheffield, UK. His knowledge and experience would be beneficial to the Company.

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

The term of Mr. T Mukherjee, 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 the member signifying the intention to propose his candidature for the office of director of the Company.

Mr. T Mukherjee is deemed to be interested in the resolution. No other director is concerned or interested in the resolution.

Your directors commend the resolution for adoption.

Resolution No.7

After Mr. L Ganesh took over as Chairman of the Company with effect from October 2006, he is committing more time towards formulating new strategies to improve the performance and profitability of the Company. The cost reduction initiatives and other profit improvement measures taken by him during the downturn yielded desired results. In order to remunerate Mr. L Ganesh, Chairman appropriately for the services rendered by him, the Board has recommended payment of remuneration by way of commission not exceeding one percent (1%) of the net profits of the Company for a period of three years, effective from April 1, 2009.

Mr. L Ganesh is concerned or interested in the resolution. Mr. L Lakshman being relative of Mr. L Ganesh, deemed to be interested in the resolution. None of the other directors are interested in the resolution.

Your directors commend the resolution for adoption.

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

Chennai
May 20, 2010

L Ganesh
Chairman

Information about director seeking re-appointment / appointment in this annual general meeting in respect of item Nos. 3, 4 & 6 above (in accordance with Clause 49 IV of the Listing Agreement)

	Item No. 3	Item No.4	Item No. 6
Name of the Director	Mr. Harish Lakshman	Mr. V Narayanan	Mr. T Mukherjee
Father's name	Mr. L Lakshman	Late Mr. G V Ayyar	Dr. Dinesh Chandra Mukherjee
Date of birth	February 12, 1974	January 29, 1938	October 13, 1942
Educational qualifications	B.E., MSM	M.Sc.,	FNAE, FR Eng. D.Met (Sheffield)
Experience	Mr. Harish Lakshman has 11 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Ltd.	Mr. V Narayanan has over 46 years of experience in his profession.	Mr. T Mukherjee has over 40 years of experience in his profession.
Date of appointment	March 31, 2004	May 16, 2005	January 18, 2010
Other directorships	<ol style="list-style-type: none"> 1. Rane TRW Steering Systems Limited 2. Rane Brake Lining Limited 3. Rane Engine Valve Limited 4. Rane NSK Steering Systems Limited 5. Rane Diecast Limited 6. JMA Rane Marketing Limited 7. Savithur Enterprises Private Ltd. 8. HL Hill Station Properties Pvt. Ltd. 9. Broadvision Perspectives India Private Ltd. 10. Broadvision Services Private Ltd. 	<ol style="list-style-type: none"> 1. Rane Holdings Limited 2. M M Forgings Limited 3. Pond's Exports Limited 4. Samcor Glass Limited 5. Glaxo SmithKline Pharmaceuticals Limited 6. Samtel Color Limited 7. Tamilnadu Newsprint & Papers Limited 8. Sundram Fasteners Limited 9. Lafarge India Pvt. Ltd., 	<ol style="list-style-type: none"> 1. TIL India Limited 2. NICCO Corporation Limited 3. West Bengal Industrial Development Corporation Limited 4. Bharat Forge Limited 5. Tractors India Pvt. Ltd.,
Committee Memberships	<p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane Diecast Limited <p>Chairman-Investors' Service</p> <ol style="list-style-type: none"> 1. Rane Brake Lining Limited 2. Rane Holdings Limited <p>Member-Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 	<p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 2. Sundram Fasteners Limited 3. Glaxo SmithKline Pharmaceuticals Limited <p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. MM Forgings Limited 3. Tamilnadu Newsprint & Papers Limited <p>Member - Remuneration</p> <ol style="list-style-type: none"> 1. Glaxo SmithKline Pharmaceuticals Limited 	<p>Member – Audit</p> <ol style="list-style-type: none"> 1. TIL India Ltd., <p>Member - Remuneration</p> <ol style="list-style-type: none"> 1. TIL India Ltd.,
No of shares held	750	Nil	Nil

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

Chennai
May 20, 2010

L Ganesh
Chairman

REPORT OF THE DIRECTORS

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

1. Financial Performance

The financial highlights for the year under review are as follows: (Rs. Million)

	2009-10	2008-09
Sales and Operating Revenues	4,196.55	3,524.61
Other Income	11.13	6.97
Profit before tax	200.41	12.01
Provision for tax :		
Current	60.70	4.40
Deferred	1.59	0.29
Fringe Benefits Tax	-	3.70
Profit after tax	138.12	3.62
Surplus brought forward	75.50	71.88
Amount available for appropriation	213.62	75.50

2. Appropriation

Profit available for appropriation is Rs.213.62 million. The Directors have declared and paid interim dividend of 25% on the equity capital of the company for the year ended March 31, 2010 and are please to recommend a further 20% as final dividend, making for a total dividend of 45% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs.53.51 million leaving the company with retained profits of Rs.160.11 million. Out of this, Rs. 23.63 million is being transferred to the General Reserve and Rs.136.48 million being retained as surplus in the Profit and Loss Account.

3. Management Discussion and Analysis

a) Industry Structure and Developments

Growth in %

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

Source: Society of Indian Automobile Manufacturers.

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

The aftermarket continued to be very robust during the year.

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

b) Operational and Financial Performance

Sales and Operating Revenue grew by 19.22% compared to 0.92% in the previous year. This was lead by a very strong growth of 31% in OEM and Aftermarket. Your Company continued to export its products during the year. While the domestic market revived in 2009-10, this was not the case with global market which resulted in negative growth in exports by 13% when compared with the previous year.

The PBT for the year under review was Rs.200.4 Million against Rs.12.01 Million in the previous year. This was achieved not only due to a robust growth in sales but also effective cost reduction initiatives and a reasonable stable raw material cost. Compared to the previous year the foreign exchange volatility was also far less which helped the performance.

c) Outlook

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

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

REPORT OF THE DIRECTORS (Contd.)

Prices of commodities like steel and oil have started hardening but the general expectation is that the increases will be moderate.

The recent trend of strengthening of the Indian currency is causing concern. The continuance of subsidised exports from China and the maintenance of artificial peg on their currency could adversely affect Indian exports in the medium term.

Your Company will continue to focus on improving productivity and quality besides cost reduction initiatives to sustain the improved performance.

d) Opportunities, Threats and Risk

India has averted the effects of the global slump and continues to grow at a healthy 7-8%. More and more multinational companies are now targeting India as the hub for manufacturing and exporting. Many global Automobile manufacturers have set up bases in India and are actively pursuing sourcing from here. This provides good opportunity to component manufacturers for accelerated growth.

The main threats are as follows –

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

e) Internal Control Systems and Risk Management

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

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

f) Human Resource Development and Industrial Relations

Your Company attaches significant importance to Human Resource Development (HRD) and harmonious industrial relations. The management is continuously working on the development of human capital which is very vital for achieving the goals and realizing the Vision of the Company in an ever-changing and challenging business environment. “Rane Institute for Employee Development” is a group resource that imparts training for enhancing leadership and managerial skills. On an average each employee across all segments and divisions is trained for 4.67 days.

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

As at the end of March 31, 2010, the total number of employees stood at 927.

g) Cautionary Statement

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

REPORT OF THE DIRECTORS (Contd.)

4. Deposits

The deposits outstanding as on March 31, 2010 amounted to Rs. 121.03 million. All deposits that matured during the year were repaid / renewed.

5. Board of Directors

Mr. Harish Lakshman and Mr. V Narayanan retire by rotation and being eligible, offer themselves for reappointment.

Mr. T Mukherjee was co-opted to the Board during the year and would hold office till the date of the ensuing Annual General Meeting. Notice has been received from a shareholder signifying the intention to propose the appointment of Mr. T Mukherjee as Director of the Company at the ensuing Annual General Meeting.

During the year, Mr. R Natarajan resigned as director from the company. The Board places on record its appreciation for the services rendered by Mr. R Natarajan during his tenure of office with the Company.

6. Conservation of energy

Your Company has, by sustaining high power factor, reduced consumption. Special energy conservation activities like introduction of Variable Frequency Drives in conventional machines, introduction of rotary compressors in place of reciprocating compressors were introduced. As an ongoing process recommendations arising out of energy audits are being implemented. Employee involvement in conserving electricity both in shop floors and offices by switching off power whenever not in use also contributed to reduction in consumption of power.

7. Research & Development Activities

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

8. Foreign Exchange earnings and outgo

Company has strategically initiated activities to increase its export business in terms of Customers, Product and Geographical location by identifying new business.

Foreign exchange earned during 2009-10 is Rs.603.13 million and foreign exchange outgo was Rs.154.20 million. Your company continued to remain a substantial net foreign exchange earner.

9. Employees

The particulars of employees, as per section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975, are given in Annexure B, which forms part of this report.

10. Auditors

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

11. Directors' Responsibility Statement

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

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

12. Corporate Social Responsibility

The corporate social responsibility initiatives taken by your Company are as follows:

- Contributed funds towards establishment of Polytechnic College by Rane foundation.

REPORT OF THE DIRECTORS (Contd.)

- Organised blood donation camp twice a year and received Certificate of Appreciation from Madras Voluntary Bureau for the year 2008 - 2009.
- Contributed funds towards orphanages and old age homes, flood victims of Karnataka.
- Distributed pamphlets to public on evils of tobacco, awareness of H1N1 and Safety precautions on the eve of Diwali.
- Conducted AIDS Awareness campaign in association with NGO.

13. Corporate Governance Report

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

For and on behalf of the Board

L GANESH

Chairman

Chennai
May 20, 2010

L LAKSHMAN

Director

Annexure A to Report of the Directors.

FORM B

Disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies Act (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2010.

RESEARCH AND DEVELOPMENT (R & D)

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

- Development of mechanical rack & pinion type steering gears for EPS application
- Development of hydraulic products for vehicular applications
- Electrical power steering for farm tractors, small commercial vehicles etc
- Suspension control arms for passenger cars

2. Benefits

- Growth through new products and market segments.

3. Future plans

- Weight reduction initiatives
- Product reliability enhancement

4. Expenditure on R & D **Rs. '000**

	2009-10	2008-09
A Capex	501	5,223
B Recurring	26,646	29,602
C Total	27,147	34,825
D Total R & D expenses as a percentage of total turnover	0.65%	1.02%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

1. Efforts, in brief:

- Service life enhancement of ball joints through surface protection, sealing and reduction of friction
- Sheet metal control arms
- Metal to plastic conversion for weight reduction

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

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

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

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

(b) Year of Import : 2009

(c) Has technology been fully absorbed : Fully absorbed

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

For and on behalf of the Board

L GANESH

Chairman

Chennai
May 20, 2010

L LAKSHMAN

Director

Rane (Madras) Limited

ANNEXURE-B to Report of the Directors (Contd.)

Particulars as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, annexed to and forming part of the Directors' Report for the year ended March 31, 2010.

Sl. No.	Name	Age	Designation / Nature of Duties	Date of Commencement of Employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of Last Employment
1.	S. Parthasarathy	51	President	05.04.2000	5,756,821	B.E., M.B.A.	28	General Manager, Marketing Rane TRW Steering Systems Ltd.
2.	Gowri Kailasam	43	Vice President (MMD & TQM)	18.08.2003	2,570,708	B Tech, MS, MBA	20	Engineering & Business Planning Manager Ford Motor Company (UK)

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. None of the above employees are related to any Director of the Company.
4. No employee of the Company is covered by the provision of Section 217(2A)(a)(iii) of the Companies Act, 1956.

For and on behalf of the Board
L GANESH
Chairman

Chennai
May 20, 2010

L LAKSHMAN
Director

Annexure C to Report of the Directors

CORPORATE GOVERNANCE**1. Philosophy on Code of Governance**

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

2. Board of Directors

The composition of the Board is given below:

Promoter Group:

Mr. L Lakshman

Mr. L Ganesh

Mr. Harish Lakshman

Independent and Non- executive directors :

Mr. V Narayanan

Mr. P S Kumar

Mr. M Lakshminarayan

Mr. T Mukherjee¹

Mr. R Natarajan²

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

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

The Board met five times during the financial year on May 28, 2009, July 21, 2009, October 20, 2009, January 18, 2010 and March 22, 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 other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, etc. are placed before the Board of Directors.

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

4. Audit committee

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

1. Review of scope of audit and discuss post-audit area of concern, if any, with Statutory Auditors and Internal Auditors.
2. Recommending the appointment of statutory auditor and fixation of audit fee.
3. Review of quarterly / annual financial statements with statutory auditors and management before submission to the Board.
4. Review of internal control systems with the Management, Statutory Auditors and Internal Auditors.
5. Reviewing the adequacy of internal audit function.

Name of the Director	No of board meetings attended	Whether attended last AGM	Membership in Other Boards #	Committee @	
				Membership	Chairmanship
Mr. L Lakshman	5	Yes	10	10	5
Mr. L Ganesh	5	Yes	10	10	2
Mr. Harish Lakshman	5	Yes	7	4	2
Mr. V Narayanan	5	Yes	8	6	3
Mr. P S Kumar	5	Yes	5	5	4
Mr. M Lakshminarayan	3	Yes	3	2	-
Mr. T Mukherjee ¹	2	NA	4	1	-
Mr. R Natarajan ²	4	Yes	2	2	-

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

@ Membership in Audit Committee and Investor Service/Grievance Committee only is considered.

¹ Co-opted as additional director at the Board meeting held on January 18, 2010.

² Ceased to be a director w.e.f March 22, 2010

CORPORATE GOVERNANCE (Contd.)

6. Review of financial and risk management policies of the Company.
7. Reviewing defaults, if any, in payments to depositors, shareholders and creditors.
8. Reviewing the statement of significant related party transactions submitted by the management
9. Reviewing the management letters/ letters of internal control weaknesses issued by the statutory auditors, if any.
10. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee is as follows:

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

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

Mr. P Sri Sai Aditya, Company Secretary, acted as the Secretary of the Committee with effect from July 21, 2009.

The Committee met four times during the year on May 28, 2009, July 21, 2009, October 20, 2009 and January 18, 2010.

Name of the director	No of Meetings Attended
Mr. V Narayanan	4
Mr. L Lakshman	4
Mr. P S Kumar	4
Mr. M Lakshminarayan	3

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

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

5. Remuneration to directors

Mr. Harish Lakshman, Director, is the "Manager" of the company under the Companies Act, 1956. In terms of his appointment, no remuneration is payable to him except the sitting fee as a director

of the Company for attending the meetings of the Board or committee of the Board. There is no severance fee payable to the Manager.

Sitting fee of Rs.20,000 per meeting was paid to the directors for attending each meeting of the Board and Audit Committee and Rs.2,500 for attending the meeting of other committees of the Board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. Since, Mr. L Lakshman, non-executive director, draws commission as part of his remuneration from the holding company, viz., Rane Holdings Limited, he does not receive sitting fees for attending the meetings of the board or other committees of the board. No stock option scheme exists in the Company.

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

Name of the director	Amount (Rs.)
Mr. L Ganesh	107,500
Mr. Harish Lakshman	117,500
Mr. V Narayanan	180,000
Mr. P S Kumar	190,000
Mr. T Mukherjee ¹	40,000
Mr. R Natarajan ²	80,000
Mr. M Lakshminarayan	120,000

¹ Co-opted as additional director at the Board meeting held on January 18, 2010

² Ceased to be a director w.e.f March 22, 2010

The sitting fee payable to Mr. L Ganesh, Chairman has been withdrawn with effect from April 1, 2010 in order to remunerate him by way of payment of commission of upto one percent (1%) on the net profits of the Company for the services rendered by him as non-executive Chairman, subject to approval of the shareholders. This commission after approval of the shareholders would be paid for a period of three years from the financial year ended March 31, 2010, refer Note 16 of the Notes on Accounts.

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

CORPORATE GOVERNANCE (Contd.)**6. Code of Conduct**

The Board of Directors has laid down a code of conduct for all Board Members and Senior Management of the Company. The same has also been posted on the website of the Company URL: <http://www.rane.co.in/pdf/coc/pdf>. The Board Members and Senior Management Personnel have affirmed their compliance with the code of conduct. Declaration from the Chief Executive Officer to this effect forms part of this report.

The Board of Directors has also laid down a code of conduct for prevention of insider trading. The designated persons have affirmed compliance with the code.

7. Investors' Service Committee

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

Mr. L Lakshman - Chairman

Mr. Harish Lakshman

Mr. P S Kumar

Mr. P Sri Sai Aditya, Company Secretary, was the Compliance Officer of the Company.

The Committee met four times during the year on May 28, 2009, July 21, 2009, October 20, 2009 and January 18, 2010.

Name of the Director	No. of Meetings Attended
Mr. L Lakshman	4
Mr. Harish Lakshman	4
Mr. P S Kumar	4

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

8. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special Resolutions Passed	Time	Venue
July 21, 2009 (5 th AGM)	No special resolution was passed	10.15 a.m.	The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014.
July 21, 2008 (4 th AGM)	Reappointment of Mr. S Parthasarathy, President as Manager	10.15 a.m.	Narada Gana Sabha (Main Hall) 314, TTK Road, Chennai-600 018.
July 23, 2007 (3 rd AGM)	No special resolution was passed	10.15 a.m.	

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

9. Disclosures

During the year the Company had not entered into any transaction of material nature with any of the promoters, directors, management, or relative etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 18 in Schedule T – Notes on Accounts, have been reviewed by the Audit Committee.

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

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

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

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

CORPORATE GOVERNANCE (Contd.)

No remuneration committee meeting was required to be held during the year. The other non-mandatory requirements such as Whistle Blower Policy and training of Board members have not been adopted. The Company is evaluating the impact on the implementation of the Voluntary Guidelines on Corporate Governance issued by the Ministry of Corporate Affairs during the year 2009 for adoption in due course.

10. Means of communication

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

11. General Shareholder Information

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

Name of the director	Mr. Harish Lakshman	Mr. V Narayanan	Mr. T Mukherjee
Father's Name	Mr. L Lakshman	Late Mr. G V Ayyar	Dr. Dinesh Chandra Umesh Mukherjee
Date of birth	February 12, 1974	January 29, 1938	October 13, 1942
Educational Qualifications	B.E., MSM	M.Sc	FNAE, FR Eng. D.Met (Sheffield)
Experience	Mr. Harish Lakshman has 11 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Limited.	Mr. V Narayanan has over 46 years of experience in his profession.	Mr. T Mukherjee has over 40 years of experience in his profession.
Date of appointment	March 31, 2004.	May 16, 2005	January 18, 2010
Other Directorships	<ol style="list-style-type: none"> 1. Rane TRW Steering Systems Limited 2. Rane Brake Lining Limited 3. Rane Engine Valve Limited 4. Rane NSK Steering Systems Limited 5. Rane Diecast Limited 6. JMA Rane Marketing Limited 7. Savithur Enterprises Private Ltd. 8. HL Hill Station Properties Pvt. Ltd. 9. Broadvision Perspectives India Private Ltd. 10. Broadvision Services Private Ltd. 	<ol style="list-style-type: none"> 1. Rane Holdings Limited 2. M M Forgings Limited 3. Pond's Exports Limited 4. Samcor Glass Limited 5. Glaxo SmithKline Pharmaceuticals Limited 6. Samtel Color Limited 7. Tamilnadu Newsprint & Papers Limited 8. Sundram Fasteners Limited 9. Lafarge India Pvt. Ltd. 	<ol style="list-style-type: none"> 1. TIL India Limited 2. NICCO Corporation Limited 3. West Bengal Industrial Development Corporation Limited 4. Bharat Forge Limited 5. Tractors India Pvt. Ltd.,
Committee Memberships	<p>Member – Audit</p> <ol style="list-style-type: none"> 1. Rane Diecast Limited <p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane Brake Lining Limited 2. Rane Holdings Limited <p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 	<p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. MM Forgings Limited 2. Tamil Nadu Newsprint and Papers Ltd. 3. Rane (Madras) Limited <p>Member - Audit</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 2. Sundaram Fasteners Limited 3. Glaxo Smithkline Pharmaceuticals Limited <p>Member – Remuneration</p> <ol style="list-style-type: none"> 1. Glaxo Smithkline Pharmaceuticals Limited 	<p>Member – Audit</p> <ol style="list-style-type: none"> 1. TIL India Limited <p>Member-Remuneration</p> <ol style="list-style-type: none"> 1. TIL India Limited
Number of shares held	750	N I L	N I L

CORPORATE GOVERNANCE (Contd.)

ii. Annual General Meeting

July 19, 2010 at 10.15 a.m.
The Music Academy (Mini Hall), New No.168, T.T.K Road, Royapettah, Chennai 600 014

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

Financial Calendar :

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2010	May 20, 2010
Un-audited results for the 1 st quarter ending June 30, 2010	July 19, 2010
Un-audited results for the 2 nd quarter ending September 30, 2010	October 20, 2010
Un-audited results for the 3 rd quarter ending December 31, 2010	January 21, 2011
Annual Accounts for the year ending March 31, 2011	Fourth week of May 2011

iv. Book Closure & Dividend:

The book closure period is from July 14, 2010 (Wednesday) to July 19, 2010 (Monday) (both days inclusive).

Dividend : The Board has recommended a final dividend of Rs.2/- per share on May 20, 2010. The dividend, if declared by the shareholders, will be made payable on or after July 27, 2010.

v. Listing on Stock Exchanges:

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

vii. Share Price Data

The share price data as quoted on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. during the last financial year viz. April 1, 2009 – March 31, 2010, 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 2009	40.50	28.70	3,517.25	2,965.70	37.00	27.45	11,492.10	9,546.29
May 2009	48.80	33.00	4,509.40	3,478.70	48.10	33.40	14,930.54	11,621.30
June 2009	51.45	35.00	4,693.20	4,143.25	50.50	35.50	15,600.30	14,016.95
July 2009	52.35	33.00	4,669.75	3,918.75	51.00	33.60	15,732.81	13,219.99
August 2009	55.95	40.95	4,743.75	4,353.45	54.00	40.50	16,002.46	14,684.45
September 2009	53.35	46.40	5,087.60	4,576.60	53.60	46.80	17,142.52	15,356.72
October 2009	68.95	51.25	5,181.95	4,687.50	69.15	50.70	17,493.17	15,805.20
November 2009	68.00	58.55	5,138.00	4,538.50	68.40	57.15	17,290.48	15,330.56
December 2009	78.20	67.25	5,221.85	4,943.95	78.70	66.60	17,530.94	16,577.78
January 2010	101.85	75.00	5,310.85	4,766.00	102.90	75.25	17,790.33	15,982.08
February 2010	88.80	75.50	4,992.00	4,675.40	88.80	76.40	16,669.25	15,651.99
March 2010	99.00	79.20	5,329.55	4,935.35	91.50	79.15	17,739.01	16,438.45

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

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

vi. Unpaid / Unclaimed Dividends:

Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2005 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

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

Year	Date of declaration	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2005	20.07.2005	24.08.2012	22.09.2012
31.03.2006*	25.01.2006	28.02.2013	29.03.2013
31.03.2006	21.07.2006	24.08.2013	22.09.2013
31.03.2007 *	23.01.2007	27.02.2014	28.03.2014
31.03.2007 *	20.03.2007	25.04.2014	24.05.2014
31.03.2008 *	17.03.2008	21.04.2015	21.05.2015
31.03.2009**	-	-	-
31.03.2010 *	18.01.2010	22.02.2017	23.03.2017

* Interim Dividends

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

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

CORPORATE GOVERNANCE (Contd.)

viii.Registrar and Transfer Agents

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

M/s Integrated Enterprises (India) Ltd., II Floor, 'Kences Towers',

No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017.

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

e-mail: sureshbabu@iepindia.com

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

ix. Share Transfer System

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

x. Distribution of shareholding as on March 31, 2010

No. of shares held	Folio		Shares	
	Number	%	Number	%
Upto 500	6,302	85.99	822,330	8.09
501-1000	498	6.80	403,197	3.97
1001-2000	231	3.15	351,750	3.46
2001-5000	171	2.33	540,600	5.32
5001-10000	67	0.91	504,453	4.96
10001-20000	33	0.45	464,688	4.57
20001-50000	18	0.25	526,854	5.18
50001-100000	5	0.07	339,004	3.34
100001 & above	4	0.05	6,211,269	61.11
Total	7,329	100.00	10,164,145	100.00

xi. Pattern of shareholding as on March 31, 2010

Sl. No.	Category	No. of Folios	No of shares	% to total capital
A	Promoters	18	5,590,160	55.00
B	Public Financial Institutions	2	56,280	0.55
C	Nationalised banks	3	350	0.00
D	Mutual Funds	1	518,069	5.10
E	NRIs / OCBs	63	158,881	1.56
F	Bodies Corporate	305	764,945	7.53
G	Individuals & others	6,937	3,075,460	30.26
Total		7,329	10,164,145	100.00

xii. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with NSDL and CDSL (depositories) for dematerialisation of the shares held by investors. The shares of the Company are compulsorily traded in dematerialised form. As of March 31, 2010 about 96.98% of the shareholdings have been dematerialised.

Demat ISIN Number: **INE 050H01012**

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

xiv. Address for communication:

Mr. P Krishnamoorthy

General Manager-Finance

Rane (Madras) 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

Assistant 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 : sureshbabu@iepindia.com

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

We have examined the compliance with the conditions of Corporate Governance by **Rane (Madras) Limited**, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the Company with stock exchanges in India with the relevant records and documents maintained by the Company and furnished to us for our examination and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

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

S Datta
Partner
(Membership No.F14128)

Chennai
May 20, 2010

To
The Members
Rane (Madras) Limited

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

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2010.

Chennai
May 20, 2010

Harish Lakshman
Manager/ Director

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

1. We have audited the attached Balance Sheet of **RANE (MADRAS) LIMITED** as at March 31, 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out 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 :
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in all material respects in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1)(g) of the Act.

(f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India :

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

S Datta
Partner
(Membership No.F14128)

Chennai
May 20, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to
the members of RANE (MADRAS) LIMITED
on the financial statements for the year ended March 31, 2010)

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which we consider reasonable. Pursuant to the programme, a physical verification was carried out during the year and this revealed no material discrepancies.
- (c) No substantial part of fixed assets of the Company has been disposed of during the year.
- (ii) (a) The inventories of the Company at all its locations have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. In respect of inventories lying with third parties at overseas locations confirmation has been obtained from the consignment agents.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records in respect of all categories of inventories and the discrepancies between the physical inventories and the book records, which were not material, have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods. We have not observed any major weaknesses in the aforesaid internal control system during the course of our audit.
- (v) (a) In our opinion, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) With regard to transactions made in pursuance of such contracts or arrangements there are no comparable market prices as the related goods are considered to be of special nature as explained by the management of the Company.
- (vi) In our opinion, the Company has complied with the provisions of Sections 58A and 58AA of the Act and the rules framed thereunder with regard to the deposits accepted from public and no Order under the aforesaid Sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Government of India under Section 209(1)(d) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (ix) (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax,

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities in India.

- (b) According to the records produced, at the end of the financial year there were no dues of Sales Tax, Value Added Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute except as set out below:

Name of the Statute	Nature of the dues	Amount Rs. Thousands	Forum where dispute is pending
Central Excise Act, 1944	Excise, Interest and Penalty	575	Customs Excise and Service Tax Tribunal
Central Excise Act, 1944	Service Tax	1,682	Customs Excise and Service Tax Tribunal
Income Tax Act, 1961	Income Tax	3,050	Supreme Court
Income Tax Act, 1961	Income Tax	40,313	Commissioner of Income Tax Appeals

- (x) The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records produced, the Company has not defaulted in repayment of its dues to any financial institution or bank as at the balance sheet date.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xiv) On the basis of review of utilisation of funds on an overall basis, in our opinion, the term loans taken by the Company were applied for the purposes for which the loans were obtained.
- (xv) On the basis of review of utilisation of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment.
- (xvi) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
- (xvii) The Company has not issued any debentures during the year.
- (xviii) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- (xix) Clauses (xiii), (xiv), and (xx) of the aforesaid Order are not applicable to the Company.

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

Chennai
May 20, 2010

S Datta
Partner
(Membership No.F14128)

Rane (Madras) Limited

BALANCE SHEET AS AT 31 MARCH 2010

	Schedule	As at 31 March 2010 Rs. '000	As at 31 March 2009 Rs. '000
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	101,641	101,641
Reserves and Surplus	B	722,858	609,231
		824,499	710,872
Loan Funds			
Secured Loans	C	248,906	569,537
Unsecured Loans	D	138,075	26,781
		386,981	596,318
Deferred Tax Liability (Net) (Note 9 in Schedule T)		44,608	43,020
		1,256,088	1,350,210
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1,644,502	1,593,986
Less: Depreciation/Amortisation		980,345	889,890
Net Block		664,157	704,096
Capital Work-in-progress		64,891	13,603
		729,048	717,699
Investments	F	50	50
Current Assets, Loans and Advances			
Inventories	G	450,264	506,154
Sundry Debtors	H	617,447	471,950
Cash and Bank Balances	I	62,444	54,908
Other Current Assets	J	5,061	2,036
Loans and Advances	K	147,911	144,838
		1,283,127	1,179,886
Less: Current Liabilities and Provisions			
Liabilities	L	684,229	511,704
Provisions	M	71,908	35,721
		756,137	547,425
Net Current Assets		526,990	632,461
Total		1,256,088	1,350,210
Notes on Accounts			
	T		
Schedules referred to above form an integral part of these accounts			

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

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

S Datta
Partner
(Membership No.F14128)
Chennai
May 20, 2010

HARISH LAKSHMAN
Manager/Director

For and on behalf of the Board

L GANESH
Chairman

L LAKSHMAN
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Schedule	Year ended 31 March 2010 Rs. '000	Year ended 31 March 2009 Rs. '000
INCOME			
Sales and Operating Revenue	N	4,196,559	3,524,614
Other Income	O	11,137	6,972
		<u>4,207,696</u>	<u>3,531,586</u>
EXPENDITURE			
Cost of Goods Sold	P	2,725,283	2,264,922
Employee Costs	Q	420,930	377,202
Other Manufacturing, Administration and Selling Expenses	R	713,131	696,994
Interest and Finance Charges	S	54,243	81,878
Depreciation / Amortisation		93,697	98,578
		<u>4,007,284</u>	<u>3,519,574</u>
PROFIT BEFORE TAX		200,412	12,012
Tax expense :			
Current		60,700	4,400
Deferred		1,588	295
Fringe Benefits Tax		--	3,700
		<u>62,288</u>	<u>8,395</u>
PROFIT AFTER TAX		138,124	3,617
Balance brought forward from previous year		75,498	71,881
PROFIT AVAILABLE FOR APPROPRIATION		213,622	75,498
APPROPRIATIONS :			
Interim Dividend on Equity Shares @ 25%		25,410	--
Proposed Final Dividend on Equity Shares @ 20%		20,328	--
Tax on Dividends		7,773	--
Transfer to General Reserve		23,629	--
Balance carried to Balance Sheet		136,482	75,498
EARNINGS PER SHARE (in Rupees)		13.59	0.36

Notes on Accounts

T

Schedules referred to above form an integral part of these accounts

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

For and on behalf of the Board

For **Price Waterhouse & Co.,**
Firm Registration No.: 007567S
Chartered Accountants**L GANESH**
Chairman**S Datta**
Partner
(Membership No.F14128)
Chennai
May 20, 2010**HARISH LAKSHMAN**
Manager/Director**L LAKSHMAN**
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	PARTICULARS	31 March 2010 Rs. '000	31 March 2009 Rs. '000
(A)	Cash flow from Operating Activities		
	Net profit before tax	200,412	12,012
	Adjustments for:		
	Depreciation / Amortisation	93,697	98,578
	Interest income	(6,726)	(4,271)
	Interest expense	47,892	71,643
	Adjustment for unrealised exchange (gain)/loss	(13,249)	18,395
	(Profit) / Loss on Sale / Discarding of Fixed Assets (net)	(116)	(805)
	Operating Profit before working capital changes	321,910	195,552
	Adjustments for (Increase/Decrease) in		
	Trade and other receivables	(117,680)	(47,465)
	Inventories	55,890	(59,316)
	Trade and other payables	209,403	(66,449)
	Cash generated from operations	469,523	22,322
	Direct Taxes (net)	(66,511)	(30,103)
	Net cash from Operating Activities	403,012	(7,781)
(B)	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(118,557)	(157,118)
	Sale of fixed assets	3,236	3,005
	Net cash used in Investing Activities	(115,321)	(154,113)
(C)	Cash flow from Financing Activities		
	Proceeds from long term borrowings	120,113	133,036
	Proceeds / Repayment of Short term loans (net)	(319,878)	283,702
	Repayment of long term borrowings	(94,174)	(191,245)
	Proceeds from Fixed Deposits	106,300	18,680
	Repayment of Fixed Deposits	(9,485)	(15,095)
	Interim Dividend and tax thereon	(29,728)	-
	Interest received	3,701	3,068
	Interest paid	(44,628)	(71,490)
	Net cash used in Financing Activities	(267,779)	160,656
	(Decrease) / Increase in cash and cash equivalents (A+B+C)	19,912	(1,238)
(D)	Cash and cash equivalents - Opening Balance	6,086	7,324
(E)	Cash and cash equivalents - Closing Balance	25,998	6,086

CASH FLOW STATEMENT (Contd.)**Notes :**

	31 March 2010 Rs. '000	31 March 2009 Rs. '000
1 Cash and cash equivalents at the beginning of the year as per Balance Sheet		
Cash on hand	613	1,227
Balance in current accounts	5,473	6,097
	6,086	7,324
Cash and cash equivalents at the end of the year as per Balance Sheet		
Cash on hand	662	613
Balance in current accounts	25,336	5,473
	25,998	6,086
2 Balance in current accounts include Unclaimed Dividend Accounts	746	548

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

For and on behalf of the Board

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

L GANESH
Chairman

S Datta
Partner
(Membership No.F14128)

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

Chennai
May 20, 2010

Rane (Madras) Limited

Schedules forming part of the Accounts

SCHEDULE A

CAPITAL

Authorised

11,000,000 Equity Shares of Rs.10 each

4,500,000 - 13.5% Cumulative Redeemable Preference Shares of Rs. 10 each

Issued and Subscribed

10,164,145 Equity Shares of Rs.10 each fully paid-up

As at 31 March 2010 Rs. '000	As at 31 March 2009 Rs. '000
110,000	110,000
45,000	45,000
155,000	155,000
101,641	101,641
101,641	101,641

For other particulars refer Note 3 in Schedule T

SCHEDULE B

RESERVES AND SURPLUS

Rs. '000

Description	Balance as at 31 March 2009	Additions	Deductions	Balance as at 31 March 2010
Capital Redemption Reserve	45,000	--	--	45,000
Securities Premium Account	35,691	--	--	35,691
Hedge Reserve Account	(26,287)	2,727	(26,287)	2,727
General Reserve	479,329	23,629	--	502,958
Profit and Loss Account Balance	75,498	136,482	75,498	136,482
	609,231	162,838	49,211	722,858

SCHEDULE C

SECURED LOANS

From Banks

Term Loans

Cash Credit and Packing Credit

Short-Term Loan from Banks

Interest accrued and due on Term Loans

As at 31 March 2010 Rs. '000	As at 31 March 2009 Rs. '000
132,322	132,013
15,384	336,462
101,200	100,000
--	1,062
248,906	569,537

For security particulars refer Note 4 in Schedule T

SCHEDULE D

UNSECURED LOANS

Fixed Deposits [includes Rs.1,700 thousands (previous year Rs.1,000 thousands) from Directors]

Loan from a Bank

Interest free Sales Tax Loan

121,030	24,310
17,045	--
--	2,471
138,075	26,781

For amounts repayable within one year refer Note 5 in Schedule T

Schedules forming part of the Accounts
SCHEDULE E
FIXED ASSETS

Rs.'000

Description	Gross Block			Depreciation / Amortisation			Net Block		
	Cost as at 31 March 2009	Additions	Deletions/ Adjustments*	Cost as at 31 March 2010	Upto 31 March 2009	For the year	On Deletions	As at 31 March 2010	As at 31 March 2009
Tangible Assets									
Land - Freehold	26,748	--	--	26,748	--	--	--	26,748	26,748
Land - Leasehold	7,574	--	486	7,088	138	79	--	6,871	7,436
Leasehold Land Development Costs	7,709	--	--	7,709	771	771	--	6,167	6,938
Buildings	142,368	4,778	2,012	145,134	31,315	4,409	--	109,410	111,053
Plant and Machinery	1,280,222	58,187	13,121	1,325,288	753,263	76,909	2,680	497,796	526,959
Furniture and Fittings	28,682	1,395	713	29,364	17,466	4,066	490	8,322	11,216
Office Equipment	69,004	2,316	328	70,992	57,710	6,224	72	7,130	11,294
Vehicles	4,828	593	93	5,328	2,900	715	--	1,713	1,928
Intangible Assets									
Licence	26,851	--	--	26,851	26,327	524	--	--	524
Previous year	1,593,986	67,269	16,753	1,644,502	889,890	93,697	3,242	664,157	704,096
Capital Work-in-progress (including Capital Advances Rs. 22,543 thousands (previous year Rs. 1,867 thousands)	1,454,245	156,616	16,875	1,593,986	806,019	98,578	14,707		
								64,891	13,603
								729,048	717,699

* Includes adjustments of Rs. 10,391 thousands on account of gain in exchange rate difference arising out of restatement of long term foreign currency loan relating to the acquisition of fixed assets as per Notification dated 31 March 2009 issued by the Central Government of India amending Accounting Standard AS11. (Previous year Rs. 33,013 thousands loss included under Additions)

Rane (Madras) Limited

Schedules forming part of the Accounts

	As at 31 March 2010 Rs. '000	As at 31 March 2009 Rs. '000
SCHEDULE F		
INVESTMENTS		
Long Term - Non Trade - Unquoted - at Cost		
Investments in Government Securities		
National Savings Certificates (Deposited with Commercial Tax Authorities, Puducherry)	50	50
	50	50
SCHEDULE G		
INVENTORIES		
Stores and Spares	45,590	46,190
Loose Tools	44,832	36,145
Raw Materials and Components	110,676	156,474
Work-in-progress	75,811	67,072
Finished Goods	173,355	200,273
	450,264	506,154
SCHEDULE H		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months		
Considered Good	3,783	36,430
Considered Doubtful	5,895	3,966
	9,678	40,396
Other Debts		
Considered Good	613,664	435,520
	623,342	475,916
Less : Provision for Doubtful Debts	5,895	3,966
	617,447	471,950
Due from a company under the same management - Rane TRW Steering Systems Limited	24,900	26,807
SCHEDULE I		
CASH AND BANK BALANCES		
Cash on hand	662	613
Cheques / DDs on hand		
Balances with Scheduled Banks on		
Current Accounts	25,336	5,473
Deposits under Capital Gain Scheme	35,292	46,699
Deposit Accounts	1,154	2,123
	62,444	54,908
SCHEDULE J		
OTHER CURRENT ASSETS		
Unsecured - considered good		
Interest accrued on Deposits	5,061	2,036
	5,061	2,036

Schedules forming part of the Accounts

	As at 31 March 2010 Rs. '000	As at 31 March 2009 Rs. '000
SCHEDULE K		
LOANS AND ADVANCES		
Unsecured - considered good		
Advances recoverable in cash or in kind or for value to be received	90,872	90,310
Advance payment of Tax and Tax Deducted at Source	273,611	207,099
Less: Provision for Tax (current)	241,875	181,174
	31,736	25,925
Advance Fringe Benefits Tax	17,584	17,584
Less: Provision for Fringe Benefits Tax	17,526	17,526
	58	58
Deposits	11,015	10,635
Balances with Customs and Excise	14,230	17,910
	147,911	144,838
SCHEDULE L		
LIABILITIES		
Acceptances	100,287	41,601
Sundry Creditors		
Due to Micro, Small and Medium Enterprises	42,688	18,376
Others	483,074	381,760
Other Liabilities	19,391	56,393
Unclaimed Dividends	746	548
Unclaimed matured Fixed Deposits	95	--
Fixed Deposit interest paid but not encashed	1,018	135
Interest accrued but not due on Loans / Fixed Deposits	4,333	890
Tooling Advance received from customers	32,597	12,001
	684,229	511,704
Note: There are no amounts due to be credited to Investor Education and Protection Fund		
SCHEDULE M		
PROVISIONS		
Product Warranty	27,733	16,789
Compensated Absence	20,392	18,932
Proposed Dividend on Equity Shares	20,328	--
Tax on Dividend	3,455	--
	71,908	35,721

Rane (Madras) Limited

Schedules forming part of the Accounts

	Year ended 31 March 2010 Rs. '000	Year ended 31 March 2009 Rs. '000
SCHEDULE N		
SALES AND OPERATING REVENUE		
Sales	4,412,949	3,760,963
Less : Excise Duty	284,807	338,168
Net Sales	4,128,142	3,422,795
Sale of raw material	24,876	57,005
Less : Excise Duty	2,294	6,688
Net sale of raw material	22,582	50,317
Sale of Scrap	49,433	57,919
Less : Excise Duty	3,598	6,417
Net Scrap Sales	45,835	51,502
	<u>4,196,559</u>	<u>3,524,614</u>
SCHEDULE O		
OTHER INCOME		
Interest : Deposits *	4,521	2,483
Supplier payments	2,205	1,788
	6,726	4,271
Profit on Sale of Fixed Assets (Net)	116	805
Liabilities no longer required written back	3,229	912
Miscellaneous income	1,066	984
	<u>11,137</u>	<u>6,972</u>
* Tax deducted at source	411	429
SCHEDULE P		
COST OF GOODS SOLD		
Raw materials and Components consumed *	2,478,826	2,072,408
Freight inward	73,091	78,807
Job work expenses	153,345	133,838
Excise Duty on Closing Stock of Finished Goods	11,308	9,466
Less: Excise Duty on Opening Stock of Finished Goods	9,466	14,591
	1,842	(5,125)
Movement in value of finished goods and work-in-progress :		
Opening Stock :		
Work-in-progress	67,072	67,792
Finished Goods	200,273	184,547
	<u>267,345</u>	<u>252,339</u>
Less : Closing Stock :		
Work-in-progress	75,811	67,072
Finished Goods	173,355	200,273
	<u>249,166</u>	<u>267,345</u>
	18,179	(15,006)
	<u>2,725,283</u>	<u>2,264,922</u>
* includes cost of raw materials and components sold	24,697	53,359

Schedules forming part of the Accounts

	Year ended 31 March 2010 Rs.'000	Year ended 31 March 2009 Rs.'000
SCHEDULE Q		
EMPLOYEE COSTS		
Salaries, Wages and Bonus	341,297	300,516
Contribution to Provident and Other Funds	29,358	40,107
Staff Welfare Expenses	50,275	36,579
	<u>420,930</u>	<u>377,202</u>
SCHEDULE R		
OTHER MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES		
Stores, Spares and Tools consumed	172,340	150,839
Power and Fuel	75,821	59,939
Repairs and Maintenance :		
Buildings	17,475	22,457
Plant and Machinery	32,839	27,648
Others	24,945	22,454
	<u>75,259</u>	<u>72,559</u>
Rent	104	155
Insurance	11,236	13,125
Rates and Taxes	5,822	4,179
Travelling and Conveyance	23,515	23,857
Professional Charges	23,709	17,730
Royalty and Technical Fees	541	451
Information Systems	16,810	19,134
Freight Outward	72,717	83,417
Packing and Forwarding	81,316	67,140
Advertisement and Sales Promotion	15,801	18,828
Discount and Incentive	41,541	32,708
Sales Commission	8,750	12,746
Product Warranty	20,234	13,594
Trade Mark	21,551	18,283
Provision for Bad and Doubtful debts	1,930	3,966
Directors' Sitting Fees	835	760
Auditors' Remuneration	1,528	1,532
Net Exchange Loss	13,611	54,595
Miscellaneous Expenses	28,160	27,457
	<u>713,131</u>	<u>696,994</u>
SCHEDULE S		
INTEREST AND FINANCE CHARGES		
Interest :		
Term Loans	20,474	14,060
Fixed Deposits (*)	10,061	1,599
Cash Credit and Others	17,357	55,984
	<u>47,892</u>	<u>71,643</u>
Finance charges : Bank charges	6,351	10,235
	<u>54,243</u>	<u>81,878</u>
(*) includes interest paid to Directors	152	51

Schedules forming part of the Accounts

SCHEDULE T

NOTES ON ACCOUNTS

1 Significant Accounting Policies

1.1 Basis of preparation of Financial Statements

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India and comply in all material respects with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

1.2 Use of Estimates

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

1.3 Fixed Assets

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

1.4 Depreciation

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

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

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

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

Depreciation charge on additions / deletions is restricted to the period of use.

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

Licence fee paid for technical assistance is amortized over the period of licence. Software licence fee is amortised over a period of three years.

1.5 Inventories

Stores and spares, raw materials and components are valued at cost of purchase (net of CENVAT credits) ascertained on moving weighted average basis. Cost of loose tools is amortised over a period of three years.

Work in progress and finished goods are valued at lower of cost and net realisable value. Cost includes customs duty, excise duty and conversion costs and other expenses incurred for bringing the inventories to their present condition and location.

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

1.6 Foreign Currency Transactions

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

At the year end all monetary assets and liabilities denominated in foreign currency are restated at contracted / closing rates as applicable. Exchange differences on settlement / restatement are charged to Profit and Loss Account except arising out of restatement of long term foreign currency loan relating to acquisition of fixed assets with effect from April 1, 2007 which is capitalised and depreciated over the remaining useful life of such fixed assets.

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

1.7 Research and Development

Revenue expenditure on Research and Development is charged off as and when incurred.

1.8 Employee Benefits

a. Short term

Short term Employee Benefits as expense as per the Company's scheme based on expected obligations on undiscounted basis.

b. Post retirement

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

i) Provident Fund

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

ii) Superannuation Fund

This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employees' salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contributions and recognizes such contributions as expense as and when due.

iii) Gratuity

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

c. Long term

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

d. Termination benefits

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

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

1.9 Revenue Recognition

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

1.10 Financial Instruments

Derivative instruments and Hedge accounting :

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

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30 "Financial Instruments : Recognition and Measurement", the Company has early adopted the standard and accordingly, the changes in the fair values of forward contracts and options designated as cash flow hedges are 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.

1.11 Provisions

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

Product warranty provisions cover the estimated liability to repair or replace products still under warranty on the Balance Sheet date and is determined by applying historical experience levels of repairs and replacements developed by using a rolling average of actual warranty payments. Product warranty liability is generally extended for a period of one to two years from the date of sale.

1.12 Taxation

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Deferred tax is accounted for by computing the tax effect of the timing differences which arise during the year and reverse out in the subsequent periods. Deferred tax is calculated at the tax rates enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only if there is a virtual certainty that they will be realized in the foreseeable future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

2 Change in Accounting Estimate

Based on the reassessment of the provisioning norms for debtors and inventory, all debts in excess of 180 days have been provided as doubtful debts as against 270 days in the previous year. In respect of raw materials and finished goods inventory ageing more than one year and semi-finished goods inventory ageing more than three months have been provided as slow-moving inventory as against two years for raw materials, one year for finished goods inventory and six months for semi-finished goods inventory in the previous year. As a result of this change, the provision for doubtful debts and slow moving inventory has increased by Rs. 2,037 thousands and Rs.15,515 thousands respectively and the profit for the year ended March 31, 2010 has decreased by Rs.17,552 thousands.

3 Share Capital

- 3.1 5,438,125 equity shares of Rs.10 each are held by Rane Holdings Limited, the holding company.
- 3.2 8,131,316 equity shares of Rs.10 each were allotted for consideration other than cash.

Schedules forming part of the Accounts**NOTES ON ACCOUNTS (Contd.)****4 Secured Loans**

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

5 Unsecured Loan

- 5.1 Fixed Deposits maturing within a period of one year amount to Rs. 18,390 thousands (previous year - Rs. 8,295 thousands).
- 5.2 Amount repayable in respect of Interest free sales tax loan within one year is Rs. Nil thousands (previous year - Rs. 2,471 thousands).

6 Cash and Bank Balances

Current Accounts include Interest Warrant Account Rs. 1,018 thousands (previous year - Rs. 135 thousands) and Unclaimed Dividend Account Rs. 746 thousands (previous year - Rs. 548 thousands)

	As at 31 March 2010 (Rs. '000)	As at 31 March 2009 (Rs.'000)
--	---	-------------------------------------

7 Disclosure relating to Micro, Small and Medium Enterprises

	42,688	18,376
Total amount outstanding as at the year end	4,681	1,587
Total amount outstanding beyond the appointed date	66	12
Amount of interest accrued and due as at the year end on balance outstanding beyond the appointed date	125,532	162,346
Total amount paid during the year beyond the appointed date	1,185	958
Amount of interest accrued and due as at the year end on amount paid during the year beyond the appointed date		

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

8 Provision for Product Warranty

Balance at the beginning of the year	16,789	13,370
Provision made during the year	20,234	13,594
Claims settled during the year	9,290	10,175
Balance at the end of the year	27,733	16,789

9 Deferred Tax Liability

The net deferred tax liability is on account of :

Liability :		
Difference between book and tax written down value of Depreciable Assets		
(a) In respect of which the difference between book and tax written value will reverse at the expiry of the tax holiday period.	2,380	581
(b) Others	77,372	79,188
	79,752	79,769

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

Year ended
31 March 2010
(Rs. '000)

Year ended
31 March 2009
(Rs. '000)

Assets :	Year ended 31 March 2010 (Rs. '000)	Year ended 31 March 2009 (Rs. '000)
Provision for expenses allowable on payment basis	(16,358)	(12,209)
Voluntary Retirement Scheme	(18,786)	(24,540)
	(35,144)	(36,749)
Net Deferred Tax Liability	44,608	43,020

10 Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	49,997	2,375
---	--------	-------

11 Contingent Liabilities

Claims against the Company not acknowledged as debts	74,891	29,341
--	--------	--------

12 Auditors' Remuneration

Audit fee	1,300	1,300
Tax Audit fee	200	200
Out of Pocket expenses	28	32

13 Other Financial Information

Outstanding Bank Guarantees	400	650
Outstanding Letters of Credit	22,011	15,891

14 Research and Development Cost

Capital expenditure	501	5,223
Revenue expenditure	26,646	29,602

15 Disclosure as per AS15 revised

(a) Defined benefit plan – Gratuity

	2009-10 (Rs. '000)	2008-09 (Rs. '000)
Present value of obligation at the beginning of the year	79,535	68,144
Interest cost	5,627	4,989
Current service cost	5,567	4,429
Benefits paid	(4,917)	(11,552)
Actuarial (gain) / loss on obligation	1,142	13,525
Present value of obligation as at the end of the year	86,954	79,535
Fair value of plan assets at the beginning of the year	66,905	64,970
Expected return on plan assets	6,355	5,054
Contributions	7,787	7,964
Benefits paid	(4,917)	(11,552)
Actuarial gain / (loss) on plan assets	(332)	469
Fair value of plan assets at the end of the year	75,798	66,905
Amounts recognized in the balance sheet		
Present value of obligation as at the end of the year	86,954	79,535
Fair value of plan assets at the end of the year	75,798	66,905
Funded status of the plan - (asset) / liability	11,156	12,630

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

	2009-10 (Rs. '000)	2008-09 (Rs. '000)
Amounts recognized in the statement of profit and loss		
Current service cost	5,567	4,429
Interest cost	5,627	4,989
Expected return on plan assets	(6,356)	(5,054)
Net actuarial (gain) / loss recognized in the year	1,475	13,056
Expenses recognized in the statement of profit and loss	6,313	17,420
Principal actuarial assumptions at balance sheet date		
Discount rate	8.30%	7.30%
Salary escalation	6.60%	7.50%
Expected return on plan assets	9.30%	9.30%
Attrition rate	3.00%	11.54%

(b) Long term benefit – Compensated absence

Principal actuarial assumptions at balance sheet date		
Discount rate	8.30%	7.30%
Salary escalation	6.60%	7.50%
Attrition rate	3.00%	11.54%

16 Managerial Remuneration**(a) Remuneration to Manager**

	Year ended 31 March 2010 (Rs. '000)	Year ended 31 March 2009 (Rs. '000)
Salaries and Allowances	--	2,051
Contribution to Provident and Other Funds	--	400
Perquisites	--	49
	--	2,500

(b) Commission to Chairman (awaiting Shareholders' approval)

2,019

Nil

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

Net Profit before taxation as per Profit and Loss Account	200,412
Add:	
Depreciation as per Profit and Loss Account	93,697
Interest on Income Tax	769
Wealth Tax	6
Sitting fees	835
Commission to Chairman	2,019
	297,738
Less:	
Depreciation as per Section 350 of The Companies Act, 1956 *	93,697
Profit on sale of assets	116
Net Profit in accordance with Sec.349 of the Companies Act, 1956	203,925
Commission payable to Chairman as per Section 309 of the Companies Act, 1956 restricted to	2,019

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

Rane (Madras) Limited

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

17 Segment Reporting

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

18 Related Party Disclosures

(a) List of related parties where control exists

Holding Company	Rane Holdings Limited (RHL)
Fellow Subsidiaries	Rane Engine Valve Limited (REVL) Rane Diecast Limited (RDL) Rane Brake Lining Limited (RBL)

(b) Key Management Personnel (KMP)

Harish Lakshman-Manager under The Companies Act, 1956
L Ganesh, Chairman
S Parthasarathy, President

(c) Relatives of KMP

Malavika Lakshman
L Lakshman
Pushpa Lakshman
Vanaja Aghoram

(d) Enterprises over which KMP can exercise significant influence

Rane TRW Steering Systems Limited (RTSSL)

(e) The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company.

(f) Related party transactions (Rs.'000)

Description	Holding Company		Fellow Subsidiaries		Key Management Personnel (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Transaction during the year												
Professional Charges	12,614	11,478	3,193	--	--	--	--	--	--	--	15,807	11,478
Professional Charges-RBL	--	--	2,282	--	--	--	--	--	--	--	2,282	--
Professional Charges-REVL	--	--	911	--	--	--	--	--	--	--	911	--
Software Expenses	15,370	18,452	--	--	--	--	--	--	--	--	15,370	18,452
Training Expenses	3,616	2,376	--	--	--	--	--	--	--	--	3,616	2,376
Miscellaneous Expenses	6,350	2,014	--	--	--	--	--	--	--	--	6,350	2,014
Trademark Fee	23,771	19,648	--	--	--	--	--	--	--	--	23,771	19,648
Sales	--	--	--	--	--	--	--	--	189,408	166,341	189,408	166,341
Royalty and Technical fees	--	--	--	--	--	--	--	--	15,000	--	15,000	--
Managerial Remuneration	--	--	--	--	--	2,500	--	--	--	--	--	2,500
Commission to Chairman	--	--	--	--	2,019	--	--	--	--	--	2,019	--
Sitting fees	--	--	--	--	225	73	--	--	--	--	225	73
Interest paid on Fixed Deposits	--	--	--	--	48	--	167	115	--	--	215	115
Fixed Deposits accepted/(repaid)	--	--	--	--	700	--	(50)	500	--	--	650	500
Balance as at year end												
Fixed Deposits outstanding	--	--	--	--	700	--	1,650	1,700	--	--	2,350	1,700
Payables	7,516	4,326	459	--	2,019	--	--	--	991	451	10,985	4,777
Receivables	--	--	--	--	--	--	--	--	24,900	26,807	24,900	26,807

Schedules forming part of the Accounts

NOTES ON ACCOUNTS (Contd.)

Year ended
31 March 2010
(Rs. '000)

Year ended
31 March 2009
(Rs. '000)

19 Earnings Per Share (Basic and Diluted)

Profit after tax (A)	138,124	3,617
Number of equity shares of Rs10 each outstanding (B)	10,164,145	10,164,145
Earnings per share – in Rupees (A / B)	13.59	0.36

20 Quantitative and Other Information

A Description of goods produced	UOM	Year ended 31 March 2010		Year ended 31 March 2009	
		Steering & Suspension Linkage Products	Steering Gear Products	Steering & Suspension Linkage Products	Steering Gear Products
Licensed capacity		Not Applicable		Not Applicable	
Installed capacity per annum		*	*	*	*
Opening stock	Nos.	1,013,584	29,260	1,017,476	24,657
	Rs.'000	177,370	22,903	153,344	31,203
Production	Nos.	8,499,686	1,329,039	7,901,560	1,104,447
Sales	Nos.	8,557,102	1,320,005	7,905,452	1,099,844
	Rs.'000	2,490,317	1,922,632	2,206,680	1,554,283
Closing stock	Nos.	956,168	38,294	1,013,584	29,260
	Rs.'000	145,786	27,569	177,370	22,903

Rane (Madras) Limited

	UOM	Quantity	Value (Rs.000)	Quantity	Value (Rs.000)
B Raw materials and components consumed					
Steel Forgings	Nos.	22,210,700	888,745	20,750,338	805,348
Castings	Nos.	1,442,865	226,607	1,093,117	194,741
Steel Tubes	Nos.	2,326,322	226,230	2,161,108	150,503
	Kgs.	1,857,902	97,929	1,589,547	92,924
Others **			1,014,618		775,533
			2,454,129		2,019,049
** (individually less than 10% of the total consumption)					

	Year ended 31 March 2010		Year ended 31 March 2009	
	Rs. 000	%	Rs. 000	%
C i) Raw materials and components consumed				
Imported	96,810	3.94	86,269	4.27
Indigenous	2,357,319	96.06	1,932,780	95.73
	2,454,129	100.00	2,019,049	100.00
ii) Stores, Spares and Tools consumed				
Imported	1,629	0.95	1,014	0.67
Indigenous	170,711	99.05	149,825	99.33
	172,340	100.00	150,839	100.00
D Value of Imports calculated on CIF basis				
Raw materials	48,278		63,838	
Components	42,917		39,386	
Stores & Spares	2,386		1,565	
Capital goods	12,513		24,766	
E Expenditure in foreign currency (on payment basis)				
Traveling expenses	1,253		1,443	
Commission	7,772		8,419	
Others	19,257		5,451	
F Earnings in foreign exchange				
FOB Value of Exports	603,126		682,235	

21 Previous year's figures have been regrouped wherever necessary.

Signature to Schedules A to T

For and on behalf of the Board

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

L GANESH
Chairman

S Datta
Partner
(Membership No.F14128)

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

Chennai
May 20, 2010

22 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
As per Schedule VI - Part IV to the Companies Act, 1956
[Notification No. G.S.R. 388 (E)]

I Registration Details

Registration No.	52856	State Code	18
Balance Sheet Date	31 March 2010		

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

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

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

Total Liabilities	2,012,225	Total Assets	2,012,225
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Source of Funds

Paid-up Capital	101,641	Reserves and Surplus	722,858
Secured Loans	248,906	Unsecured Loans	138,075
Deferred Tax Liability	44,608		

Application of Funds

Net Fixed Assets	729,048	Investments	50
Net Current Assets	526,990	Misc. Expenditure	--
Accumulated Losses	--		

IV Performance of the Company (Rs. '000)

Turnover (including Other Income)	4,207,696	Total Expenditure	4,007,284
Profit / (Loss) before tax	200,412	Profit / (Loss) after tax	138,124
Earnings per Share in Rs.	13.59	Dividend rate %	45

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

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

For and on behalf of the Board

L GANESH
Chairman

Chennai
May 20, 2010

HARISH LAKSHMAN
Manager/Director

L LAKSHMAN
Director

FINANCIAL HIGHLIGHTS

Summary of Results

Year	Income	Profit Before Tax	Profit After Tax	Profit after Tax and Dividends	Dividend %	Reserves & Surplus	Equity Share Capital	Earnings per Share
	Rs.Million	Rs.Million	Rs.Million	Rs.Million		Rs.Million	Rs.Million	Rs.
2005-06	2,805.14	157.75	86.40	46.72	30	251.51	101.64	8.02
2006-07	3,329.81	183.89	136.16	86.62	40	338.13	101.64	13.08
2007-08	3,508.20	467.40	365.97	293.13	60	631.27	101.64	35.86
2008-09	3,531.59	12.01	3.62	3.62	--	609.23	101.64	0.36
2009-10	4,207.70	200.41	138.12	84.61	45	722.86	101.64	13.59

Balance Sheet Summary

(Rs. Million)

Year ended 31 March	2010	2009	2008	2007	2006
Gross Fixed Assets	1,709.39	1,607.59	1,470.37	1,363.35	1,171.53
Depreciation	980.34	889.89	806.02	752.17	695.68
Net Fixed Assets	729.05	717.70	664.35	611.18	475.85
Investments	0.05	0.05	0.05	0.05	0.05
Current Assets, Loans and Advances	1,283.13	1,178.74	1,068.36	1,099.64	888.12
Miscellaneous Expenditure	--	--	--	48.37	43.59
Total Assets	2,012.23	1,896.49	1,732.76	1,759.24	1,407.61
Secured , Unsecured Loans	386.98	595.17	364.82	674.18	449.26
Deferred Tax Liability	44.61	43.02	42.72	64.19	60.23
Current Liabilities & Provisions	756.14	547.43	592.31	569.85	522.47
Total Liabilities	1,187.73	1,185.62	999.85	1,308.22	1,031.96
Net Worth	824.50	710.87	732.91	451.02	375.65
Represented by :					
Equity Share Capital	101.64	101.64	101.64	101.64	101.64
Preference Share Capital	--	--	--	11.25	22.50
Reserves & Surplus	722.86	609.23	631.27	338.13	251.51
Net Worth per Equity Share of Rs.10 each Rs.	81.12	69.94	72.11	43.27	34.74

NOTES

NOTES

Rane (Madras) Limited

Regd. Office : 'Maithri', 132, Cathedral Road, Chennai 600 086.

**6th Annual General Meeting at 10.15 a.m. on Monday, July 19, 2010 at
The Music Academy (Mini Hall), New No.168, TTK Road, Royapettah, Chennai 600 014.**

ATTENDANCE SLIP

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

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

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

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

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

Name of Proxy (if any) in BLOCK LETTERS

Signature of Member / Proxy



.....



Rane (Madras) Limited

Regd. Office : 'Maithri', 132, Cathedral Road, Chennai 600 086.

PROXY FORM

I/We of in the district of being a member/members of RANE (MADRAS) LIMITED, hereby appoint of in the district of or failing him of in the district of as my / our proxy to attend and vote for me / us on my/our behalf at the **6th Annual General Meeting of the Company to be held at 10.15 a.m. on Monday, July 19, 2010** or at any adjournment thereof.

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

Affix 15 P. Revenue Stamp

Signature of Member

Signed this day of 2010.

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

Book Post
Under Certificate of Posting



If undelivered please return to:

*Rane (Madras) Limited
"Maithri", No. 132 Cathedral Road
Chennai 600 086*