



# **Rane Brake Lining Limited**

**6th ANNUAL REPORT 2011**

**Board of Directors**

L GANESH

Chairman

L LAKSHMAN

S A MURALI PRASAD

ANIL KUMAR V EPUR

S SANDILYA

HARISH LAKSHMAN

SURESH CHANDRA GUPTA

KOJI NISHIHARA

*(Nominee of Nisshinbo Holdings Inc., Japan)*

**Audit Committee**

S SANDILYA

Chairman

S A MURALI PRASAD

L GANESH

SURESH CHANDRA GUPTA

**Investors' Service Committee**

HARISH LAKSHMAN

Chairman

ANIL KUMAR V EPUR

L GANESH

**President**

P S RAO

**General Manager - Finance**

M A P SRIDHAR KUMAR

**Secretary**

G KARTHIKEYAN

**Auditors**

PRICE WATERHOUSE & CO.,  
Chartered Accountants  
No.32, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006.

**Listing of Shares with**

The Madras Stock Exchange Limited, Chennai  
Bombay Stock Exchange Limited, Mumbai  
National Stock Exchange of India Limited, Mumbai

**Bankers**

HDFC Bank Limited  
IDBI Bank Limited  
Standard Chartered Bank  
Indian Overseas Bank  
State Bank of India  
ICICI Bank Limited

**Registered Office**

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

**Plants**

- 1) Plot No.30, Industrial Estate,  
Ambattur, Chennai 600 058,  
Tamil Nadu.
- 2) Pregnapur Village, Gajwel Mandal,  
Siddipet Highway, Medak District 502 311,  
Andhra Pradesh.
- 3) RS No. 48, 49 & 50, Sanyasikuppam Village,  
Mannadipet Commune, Thirubhuvanai Post,  
Puducherry 605 107.
- 4) Sethurapatti Village, Fathima Nagar Post,  
Srirangam Taluk, Trichy 620 012,  
Tamil Nadu.

**Registrar and Transfer Agents**

Integrated Enterprises (India) Limited,  
II Floor, "Kences Towers", No.1 Ramakrishna Street,  
North Usman Road, T.Nagar, Chennai 600 017.  
Ph : 28140801-03 E-mail: corpseiv@iepindia.com

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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 **Friday, the July 22, 2011**, at **Narada Gana Sabha (Main Hall)**, No. 314, TTK Road, Chennai 600 018, to transact the following: -

### ORDINARY BUSINESS:

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

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

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

2. To declare dividend on equity shares.

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

"Resolved that the interim dividend of Rs.3/- per equity share declared by the board of directors of the company on January 25, 2011 on 7,914,980 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.27.69 million (including dividend distribution tax and cess thereon), paid to the shareholders in February 2011 for the year ended March 31, 2011 be and is hereby approved."

"Resolved further that final dividend of Rs.2/- per equity share of Rs.10 each on 7,914,980 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2011, absorbing an amount of Rs.18.40 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 22, 2011 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 15, 2011 as per the details furnished by the Depositories for this purpose".

3. To appoint a Director in the place of Mr. Suresh Chandra Gupta, 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 hat Mr. Suresh Chandra Gupta, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

4. 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 reappointed 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."

(By Order of the Board)  
For **Rane Brake Lining Limited**

Chennai  
May 23, 2011

**G Karthikeyan**  
Secretary

## NOTES:

1. **Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. The Register of Members of the Company will remain closed from **Saturday, July 16, 2011 to Friday, July 22, 2011** (both days inclusive).
3. 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 (including the dividends declared by erstwhile Rane Brake Linings Limited) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.  
  
Members are requested to contact the Company's Registrar and Transfer Agents, for payment in respect of the unclaimed dividend for the financial year 2004-05 and thereafter declared by the erstwhile Rane Brake Linings Limited.
4. Ministry of Corporate Affairs vide circular no.17/2011 dated April 21, 2011 permitted sending all communications to members by electronic mail (e-mail), as a measure of "Green Initiative in Corporate Governance". In line with the ministry's direction your company intends to send all future communication to members by e-mail including notice of the annual general meeting and annual report, to the e-mail address you have already registered with your respective Depository Participants (DPs). We encourage your participation and expect your support in this initiative. In case you are yet to register your e-mail address, please update the same with your DPs. Members holding shares in physical form may register their e-mail address with the Registrar and Transfer Agents (RTA) or write to us at investorservices@rane.co.in. All members are entitled to receive the communication in physical form upon request for the same.
5. As a part of 'Green initiative in corporate governance', MCA has enabled shareholders' participation in general meeting through electronic mode i.e., video conference. The company is in support of the initiative, however taking into consideration the infrastructural arrangements required for enabling such participation, the company is not extending this facility for this annual general meeting.
6. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential and e-mail address to the Registrar and Transfer Agents:  
  
M/s. Integrated Enterprises (India) Ltd.  
II Floor, "Kences Towers",  
No.1, Ramakrishna Street,  
North Usman Road,  
T. Nagar, Chennai 600 017.  
  
Members holding shares in Dematerialized form may inform the change in address to their Depository Participants.
7. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.
8. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

(By Order of the Board)  
For **Rane Brake Lining Limited**

Chennai  
May 23, 2011

**G Karthikeyan**  
Secretary

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

	Item No. 3	Item No. 4
<b>Name of the Director</b>	Mr. Suresh Chandra Gupta	Mr. Harish Lakshman
<b>Father's Name</b>	Mr. Prem Narain	Mr. L Lakshman
<b>Date of Birth</b>	April 5, 1945	February 12, 1974
<b>Educational Qualifications</b>	B.Tech (Hons.)	B.E, MSM
<b>Experience</b>	Mr. Gupta was associated with the Indian Railways and has over 43 years of industrial experience.	Mr. Harish Lakshman has 12 years experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Limited and looks after manufacturing activities of Rane Group.
<b>Date of Appointment</b>	March 24, 2008	July 22, 2008
<b>Other Directorships</b>	1. PG Electroplast Limited	1. Rane TRW Steering Systems Limited 2. Rane (Madras) Limited 3. Rane Holdings Limited 4. Rane Engine Valve Limited 5. Rane NSK Steering Systems Limited 6. Rane Diecast Limited 7. JMA Rane Marketing Limited 8. Savithur Enterprises Private Limited 9. HL Hill Station Properties Private Limited 10. Broadvision Perspectives India Private Limited 11. Broadvision Services Private Limited
<b>Committee Memberships</b>	<b>Member – Audit</b> 1. Rane Brake Lining Limited 2. PG Electroplast Limited	<b>Member – Audit</b> 1. Rane Diecast Limited
		<b>Chairman – Investors' Service</b> 1. Rane Brake Lining Limited 2. Rane Holdings Limited
		<b>Member – Investors' Service</b> 1. Rane (Madras) Limited
<b>Number of shares held</b>	NIL	50

(By Order of the Board)  
For Rane Brake Lining Limited

Chennai  
May 23, 2011

**G Karthikeyan**  
Secretary

## REPORT OF THE DIRECTORS

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

### 1. Financial Performance

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

Particulars	2010-2011	2009-2010
Sales and Operating Revenues	<b>3,058.41</b>	2,363.00
Other Income	<b>24.76</b>	13.77
Profit before tax	<b>196.66</b>	149.33
Provision for Tax	<b>43.84</b>	48.46
Profit after tax	<b>152.82</b>	100.87
Surplus brought forward	<b>161.31</b>	112.20
Profit available for appropriation	<b>314.14</b>	213.07

### 2. Appropriations

Profit available for appropriation is Rs.314.14 million. The Directors have declared and paid interim dividend of 30% on the equity capital of the company for the year ended March 31, 2011 and are pleased to recommend a further 20% as final dividend, making for a total dividend of 50% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs.46.04 million leaving the company with retained profits of Rs.268.10 million. Out of this, Rs.15.45 million is being transferred to the General Reserve and Rs.252.65 million being retained as surplus in the Profit and Loss Account.

### 3. Management Discussion and Analysis

#### a) Industry Structure, Developments and Segment-wise Performance

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

Industry Segments	Growth in %	
	2010-2011	2009-2010
Passenger Cars	27	28
Utility Vehicles	17	24
Small Commercial Vehicles (One Ton & below)	36	8
Light Commercial Vehicles	22	77
Medium and Heavy Commercial Vehicles	38	30
Three Wheelers	29	25
Two Wheelers	27	25
Farm Tractors	22	27

Source : Society of Indian Automobile Manufacturers.

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

#### Exports

In the export market, the increase in volumes from the later part of the year 2009- 2010 continued in the year 2010- 2011. Your Company met its export commitments.

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

#### OEM and Aftermarket

Your company's performance in the OEM Segment continued to be very good and the growth over the previous year was 58%. The Company's aftermarket sales grew at a rate of 10% over the previous year.

#### b) Operational and Financial Performance

Sales and Operating Revenue grew by 29% compared to 23% in the previous year. This was lead by a very strong growth of 31% in the domestic market and 5% in export market. The PBT for the year under review was Rs.196.66 Million against Rs.149.33 Million in the previous year, a growth of 32% over last year. Higher input costs contained with cost control measures and improved operational efficiencies have resulted in achieving a healthy profitability.

#### c) Outlook

The Domestic Vehicle Industry is expected to continue its growth in the coming years in view of steady growth rate of our GDP, rising number of middle class and higher disposable income. Your company expects the aftermarket demand to remain steady. With the planned capacity addition the order fulfilments in this market are likely to improve. Export market particularly for brake linings & CV Brake Pads is showing healthy scope and your company is gearing up to improve the delivery to this market during the following year.

Prices of commodities like steel have already hardened and the cascading effect would impact on all commodity prices. Your company has already embarked on cost reduction initiatives along with appropriate recovery from the customers to offset the impact to a large extent. The increase in interest rates could cause an adverse impact on the demand for vehicles. Your Company's risk management measures are likely to adequately address these situations.

**REPORT OF THE DIRECTORS (Contd.)**

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

**d) Opportunities and Threats**

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

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

The main threats your Company is likely to face are:-

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

The company does see increasing competition due to the attractiveness of the domestic market.

**e) Internal Control Systems and Risk Management**

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

Risk Management is an integral part of the business process. The Company has mapped the

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

**f) Human Resource Development and Industrial Relations**

Your Company gives significant importance to Human Resource Development (HRD) and stable industrial relations. The management is continuously working on the development of human capital which is very vital for achieving the goals and realizing the Vision of the Company in an ever-changing and challenging business environment. "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 spends 2% of his/her working time for training.

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

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

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

As at the end of March 31, 2011, the total number of employees stood at 893.

**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

Deposits outstanding as on March 31, 2011 amounted to Rs.123.72 million. All deposits that were matured during the year were repaid / renewed.

### 5. Board of Directors

Mr. Suresh Chandra Gupta and Mr. Harish Lakshman retire by rotation. Mr. Suresh Chandra Gupta and Mr. Harish Lakshman being eligible, have offered themselves for reappointment.

### 6. Conservation of Energy

Your Company has been continuously engaged in energy saving initiatives to offset the power shortage and the resultant cost impact. Energy savings were achieved through available alternate economical sources, special projects in shop-floor, sustenance of high power factor and employee involvement to reduce consumption of power.

### 7. Research and 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

Foreign exchange earned during 2010-11 was Rs.157.82 million and foreign exchange outgo was Rs.684.64 million. Exports during the year amounted to Rs.158.80 million.

### 9. Employees

There was no employee for whom the particulars as per section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is applicable.

### 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 vision on Corporate Social Responsibility (CSR) is, "**To be a socially and environmentally responsible corporate citizen**". CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and educational trust, in the social and environmental spectrum.

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

Contribution of funds towards establishment of Polytechnic College by Rane Foundation. Contributions are also made through Rane Foundation and JACOB Memorial Trust towards providing basic and higher education to the deserving. Your company has instituted a merit award for school children and distributed uniforms to the school students. Also conducted awareness program on 'Basic Hygiene and Cleanliness' to Government school children.

Your company has also taken other initiatives such as organising –

- Blood donation and Medical camps at villages
- Awareness program on Tobacco & AIDS control.
- Donations to old age homes
- Program for 'mentally challenged women' by the employees and their family members.
- Organised Cultural competition for Physically challenged children
- Women empowerment project
- Food and clothing for orphanages
- Reading for blind

### 13. Corporate Governance Report

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

For and on behalf of the Board

**L GANESH**  
Chairman

**L LAKSHMAN**  
Director

Chennai  
May 23, 2011

**Annexure A to Report of the Directors**

**FORM B**

Disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies Act (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2011.

**Research and Development (R & D)**

**1. Specific areas in which R & D is carried by Company**

Your company has been actively engaged in developing new friction materials to meet emerging OEM customer requirements. Significant progress made towards improving 'Formulation Library' in order to enhance competitiveness and improve time to market.

Focus areas are higher life product for EMU Rail coach brake blocks, low cost disc pad for after-market PC and UV segment. Low cost asbestos-free brake linings for LCV markets to improve market share.

The Company's emphasis is also on development of asbestos free friction products for domestic aftermarket besides continuous efforts are being made to enhance product quality and process technology.

**2. Benefits derived as a Result of R & D**

The Company has been successful in offering localisation solutions to major international customers for their new product launches. Specific R&D efforts to meet field performance requirements in passenger cars segment helped the Company to add new product platforms of the customers and offer competitive technical alternatives to our competitor products.

Company also developed new asbestos free friction materials for domestic commercial vehicle OEM customers resulting in continuing market leadership.

**3. Future plan of action**

Your Company intends to strengthen formulation development and testing capabilities including NVH test capability & environmental test facilities. Towards this the Company intends to improve the testing facilities and impart training.

New friction materials for commercial vehicle brake pads developed and tested to support company's strategic efforts to increase revenues from the product segment.

**4. Expenditure on R & D**

	2010-11	2009-10
A Capex	3,118	4,877
B Recurring	55,292	41,888
C Total	<b>58,410</b>	<b>46,765</b>
D Total R & D expenses as a percentage of total turnover	<b>1.91%</b>	1.98%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts, in brief**

The company has a range of formulations and technology base to compete effectively in a wide range of markets including domestic & overseas. The Company has been continuously benchmarking with JV Partner and similar industries towards absorbing best practices and continuous improvements. The company has invested in new manufacturing technologies for disc pads and brake linings for passenger cars / Utility vehicles to enhance product quality. These steps have enabled the Company to enhance the competitiveness and thereby continue its growth in their OEM business.

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

The company has been able to offer localization solutions to major international customers for their new programs. The potential to add few more domestic customers has also been strengthened.

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

Technical service and know how relating to design and manufacture of disc pads and brake linings from M/s Nisshinbo Brake Inc., Japan.

**(b) Year of Import** : 2010

**(c) Has the technology been fully absorbed** : Yes

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

For and on behalf of the Board

**L GANESH**  
Chairman

Chennai  
May 23, 2011

**L LAKSHMAN**  
Director

## Annexure B to Report of the Directors

### CORPORATE GOVERNANCE

#### 1. Philosophy on Code of Governance

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

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

#### 2. Board of Directors

The Board of the company consists of Eight Directors. The composition of the Non-Executive directors (88%) and Independent Directors (50%)

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

The Board met five times during the financial year on May 19, 2010, July 21, 2010, October 22, 2010, January 25, 2011 and March 24, 2011. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below:

Name of the Director	Category	No of board meetings attended	Whether attended last AGM	Number of Directorship in other companies #		Number of Committees @	
				Chairman	Member	Chairman	Member
Mr. L Lakshman	Executive & Promoter	4	Yes	1	10	5	5
Mr. L Ganesh	Non-Executive & Promoter	5	Yes	6	4	2	8
Mr. Harish Lakshman	Non-Executive & Promoter	5	Yes	-	7	2	2
Mr. S A Murali Prasad	Independent & Non-Executive	5	Yes	-	1	1	1
Mr. S Sandilya	-do-	5	Yes	2	1	3	2
Mr. Anil Kumar V Epur	-do-	5	Yes	-	1	1	1
Mr. Suresh Chandra Gupta	-do-	4	Yes	-	1	-	2
Mr. Koji Nishihara (Nominee of Nisshinbo Holdings Inc.)	Non-Executive	1	No	-	-	-	-

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

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

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

The information as required under Annexure IA to Clause 49 of the listing agreement such as annual operating plans and budgets, quarterly results for the company, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, etc., are placed before the Board of Directors.

**CORPORATE GOVERNANCE (Contd.)****3. Audit committee****Overall purpose / objective**

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

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

1. Discuss the scope of audit and post-audit area of concern, if any, with Statutory Auditors and Internal Auditors.
2. Recommending the appointment of statutory auditor and fixation of audit fee.
3. Review of quarterly / annual financial statements with statutory auditors and management before submission to the Board.
4. Review of internal control systems with the Management, Statutory Auditors and Internal Auditors.
5. Reviewing the adequacy of internal audit function.
6. Review of financial and risk management policies of the Company.
7. Reviewing defaults, if any, in payments to depositors, shareholders and creditors.
8. Reviewing the statement of significant related party transactions submitted by the management.
9. Reviewing the management letters/ letters of internal control weaknesses issued by the statutory auditors, if any.
10. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee is as follows:

Mr. S Sandilya - Chairman - Independent Director  
 Mr. S C Gupta - Member- Independent Director  
 Mr. S A Murali Prasad - Member - Independent Director  
 Mr. L Ganesh - Member - Non-Executive Director

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

Mr. G Karthikeyan, Secretary of the Company is the Secretary to the Committee.

The Committee met four times during the year May 19, 2010, July 21, 2010, October 22, 2010 and January 25, 2011.

<b>Name of the Director</b>	<b>No of Meetings attended</b>
Mr. S Sandilya	4
Mr. Suresh Chandra Gupta	4
Mr. S A Murali Prasad	4
Mr. L Ganesh	4

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. Based on the requirement, other directors attended the meetings by invitation.

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

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

**4. Remuneration to directors**

Mr. L Lakshman, is the "Manager" of the company under the Companies Act, 1956. Since he 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. There is no severance fee payable to the Manager.

During the year 2010-11, the company has paid sitting fee of Rs.20,000 per meeting to the non-executive 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. The Company does not have any stock option scheme.

## CORPORATE GOVERNANCE (Contd.)

The details of sitting fees paid to the directors for the year ended March 31, 2011 are as follows:

Name of the Director	Sitting Fees (Rs.)
Mr. S A Murali Prasad	180,000
Mr. S Sandilya	180,000
Mr. Suresh Chandra Gupta	160,000
Mr. Anil Kumar V Epur	110,000
Mr. Harish Lakshman	112,500
Mr. Koji Nishihara	20,000

Remuneration by way of commission is payable to Mr. L Ganesh, Chairman for the year 2010-11. The commission payable is within the limits prescribed under Companies Act, 1956. The details of commission payable for the year ended March 31, 2011 is given in Note 12 - Notes on Accounts.

Number of shares held by the Directors:

Name of the Director	No. of Shares	No. of Shares pledged
Mr. L Lakshman	50	Nil
Mr. L Ganesh	50	Nil
Mr. Harish Lakshman	50	Nil

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

### 5. Code of conduct

The board of directors has laid down a code of conduct for all board members and senior management of the Company in furtherance of its emphasis towards good Corporate Governance practices. The same has also been posted on the website of the Company viz. URL: <http://www.rane.co.in/pdf/coc.pdf>. The board members and senior management personnel affirmed their compliance with the code of conduct. Declaration from the Chief Executive Officer to this effect forms part of this report.

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

### 6. Investors' Service Committee

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

Mr. Harish Lakshman	– Chairman
Mr. L Ganesh	– Member
Mr. Anil Kumar V Epur	– Member

Mr. G Karthikeyan, Company Secretary is the Compliance Officer of the Company.

The Committee met four times during the year on May 19, 2010, July 21, 2010, October 22, 2010 and January 25, 2011.

Name of the Director	No. of meetings attended
Mr. Harish Lakshman	4
Mr. L Ganesh	4
Mr. Anil Kumar V Epur	4

During the year, the Company received 99 complaints from the investors and all of them were resolved to the satisfaction of the shareholders. The complaints pertain to non-receipt of share certificates and non-receipt of dividend warrant. During the year, no complaint was received from Stock Exchanges/ SEBI / Ministry of Corporate Affairs.

### 7. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special resolutions passed	Time	Venue
July 21, 2010 (Fifth AGM)	Payment of Commission to Mr. L Ganesh, Chairman	10.30 A M	Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai-600 014
July 20, 2009 (Fourth AGM)	Amendment to Articles of Association	10.30 A M	Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai-600 014
July 22, 2008 (Third AGM)	Appointment of Mr. P S Rao as Manager	10.15 A M	Narada Gana Sabha (Main Hall), 314, TTK Road, Chennai-600 018

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

### 8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 16 in Schedule T – Notes on Accounts, have been reviewed by the Audit Committee.

**CORPORATE GOVERNANCE (Contd.)**

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

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

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

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

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

**9. Means of communication**

The quarterly / annual financial results were published in “Business Standard” and “Dinamani” (Tamil). The quarterly / annual financial results and the shareholding pattern were uploaded in the websites of the stock exchanges and the Company viz. <http://rane.in>. During the year, a presentation was made to analysts / institutional investors and was published in the website of the Company. A Management Discussion and Analysis report is part of the annual report.

**10. General Shareholder Information**

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

<b>Name of the Director</b>	Mr. Suresh Chandra Gupta	Mr. Harish Lakshman
<b>Father’s Name</b>	Mr. Prem Narain	Mr. L Lakshman
<b>Date of Birth</b>	April 5, 1945	February 12, 1974
<b>Educational Qualifications</b>	B.Tech (Hons.)	B.E., MSM
<b>Experience</b>	Mr. Gupta was associated with the Indian Railways and has over 43 years of industrial experience.	Mr. Harish Lakshman has 12 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Limited and looks after manufacturing activities of Rane Group.
<b>Date of Appointment</b>	March 24, 2008	July 22, 2008
<b>Other Directorships</b>	1. PG Electroplast Limited	1. Rane TRW Steering Systems Limited 2. Rane (Madras) Limited 3. Rane Holdings Limited 4. Rane Engine Valve Limited 5. Rane NSK Steering Systems Limited 6. Rane Diecast Limited 7. JMA Rane Marketing Limited 8. Savithur Enterprises Private Limited 9. HL Hill Station Properties Private Limited 10. Broadvision Perspectives India Private Limited 11. Broadvision Services Private Limited
<b>Committee Memberships</b>	<b>Member – Audit</b> 1. Rane Brake Lining Limited 2. PG Electroplast Limited	<b>Member – Audit</b> 1. Rane Diecast Limited
		<b>Chairman – Investors’ Service</b> 1. Rane Brake Lining Limited 2. Rane Holdings Limited
		<b>Member – Investors’ Service</b> 1. Rane (Madras) Limited
<b>Number of shares held</b>	NIL	50

## CORPORATE GOVERNANCE (Contd.)

### ii. Annual General Meeting : July 22, 2011 at 10.15

a.m.

Narada Gana Sabha, (Main Hall)  
New No: 314, T.T.K Road,  
Chennai 600 018.

### iii. Financial Year: 1<sup>st</sup> April - 31<sup>st</sup> March

#### Financial Calendar :

Board Meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2011	May 23, 2011
Un-audited results for the 1 <sup>st</sup> quarter ending June 30, 2011	July 22, 2011
Un-audited results for the 2 <sup>nd</sup> quarter ending September 30, 2011	October 20, 2011
Un-audited results for the 3 <sup>rd</sup> quarter ending December 31, 2011	January 25, 2012
Annual Accounts for the year ending March 31, 2012	Fourth week of May 2012

### iv. Book Closure & Dividend:

The book closure period is from **July 16, 2011** (Saturday) to **July 22, 2011** (Friday), both days inclusive.

### 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 (including dividend declared by erstwhile Rane Brake Linings Limited) will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

During the year, the company had transferred Rs.177,016 and Rs.154,644 to IEPF, towards the unclaimed dividend for the financial year ended March 31, 2003 and March 31, 2004.

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

Year	Date of declaration	Dividend per share # (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2011) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2005 **	27.01.2005	4.00	134,140	04.03.2012	02.04.2012
31.03.2005	22.07.2005	3.00	96,774	26.08.2012	24.09.2012
31.03.2006 **	23.01.2006	4.00	138,084	26.02.2013	27.03.2013
31.03.2006	26.07.2006	3.00	94,422	29.08.2013	27.09.2013
31.03.2007 **	23.01.2007	4.00	161,296	27.02.2014	28.03.2014
31.03.2007 **	22.03.2007	3.00	104,562	25.04.2014	24.05.2014
31.03.2008	22.07.2008	4.00	131,720	25.08.2015	23.09.2015
31.03.2009	20.07.2009	2.00	82,170	24.08.2016	22.09.2016
31.03.2010 **	21.01.2010	1.50	121,563	25.02.2017	26.03.2017
31.03.2010	21.07.2010	3.00	139,272	25.08.2017	23.09.2017
31.03.2011 **	25.01.2011	3.00	136,682	01.03.2018	30.03.2018

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

\*\* - Interim dividend

### Dividend:

During the year, the Board of Directors declared an interim dividend of Rs.3/- per equity share and the same was paid on February 11, 2011 to all eligible shareholders whose name appeared in the Register of Members of the Company on February 5, 2011.

The Board of directors at its meeting held on May 23, 2011, has recommended a final dividend of Rs.2/- per equity share. The dividend, if declared by the shareholders, will be paid on July 28, 2011 to all those members whose name appears in the Register of Members as on July 22, 2011 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 15, 2011.

### v. Listing on Stock Exchanges:

Stock Exchanges	Stock Code
Madras Stock Exchange Limited (MSE) 11, Second Line Beach, Chennai 600 001	RANEBRAKE
National Stock Exchange of India Ltd.(NSE) Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1,G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	RBL
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	532987

Listing Fee: Annual Listing fees for the financial year 2011-12 have been paid to all the stock exchanges where the shares of the company are listed.

**CORPORATE GOVERNANCE (Contd.)**

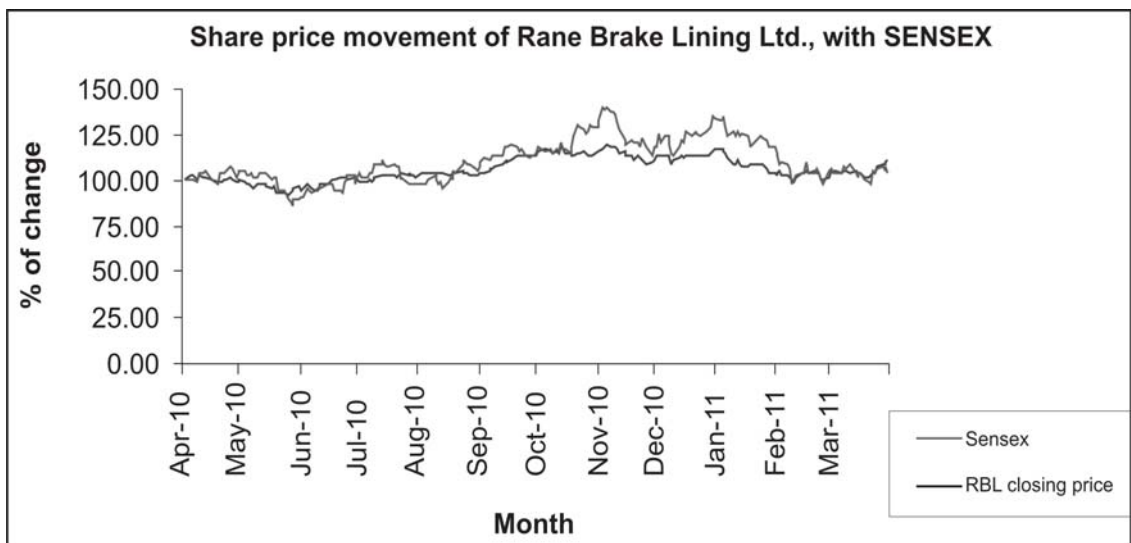
**vii. Share Price Data:**

There has been no trading in Madras Stock Exchange Limited. The share price data (based on closing price) as quoted on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd during the last financial year viz., April 1, 2010 – March 31, 2011 is given below :

Month	National Stock Exchange of India Ltd. (NSE)				Bombay Stock Exchange Ltd. (BSE)			
	Share Prices (Rs.)		NSE S & P Nifty		Share Prices (Rs.)		BSE Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2010	120.70	109.80	5,374.65	5,203.65	121.10	110.20	17,970.02	17,380.08
May 2010	119.00	99.15	5,222.75	4,806.75	118.80	97.50	17,386.08	16,022.48
June 2010	117.10	103.15	5,353.30	4,970.20	116.05	102.25	17,876.55	16,572.03
July 2010	127.65	108.55	5,449.10	5,235.90	125.55	110.50	18,130.98	17,441.44
August 2010	124.65	108.20	5,543.50	5,402.40	125.45	108.15	18,454.94	17,971.12
September 2010	135.75	119.45	6,035.65	5,471.85	136.25	121.05	20,117.38	18,205.87
October 2010	148.25	129.65	6,233.90	5,982.10	147.75	130.00	20,687.88	19,872.15
November 2010	159.15	129.75	6,312.45	5,751.95	158.50	129.35	21,004.96	19,136.61
December 2010	150.00	128.25	6,134.50	5,766.50	152.90	128.15	20,509.09	19,242.36
January 2011	154.95	131.50	6,157.60	5,505.90	152.95	133.05	20,561.05	18,327.76
February 2011	129.15	112.05	5,546.45	5,225.80	130.25	110.24	18,506.82	17,463.04
March 2011	121.00	110.30	5,833.75	5,364.75	122.00	111.00	19,445.22	17,839.05

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

Performance of the share price of the Company in comparison to the Bombay Stock Exchange Limited, Sensex:





## CORPORATE GOVERNANCE (Contd.)

### viii. Registrar and Transfer Agents

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

Integrated Enterprises (India) Ltd.,

II Floor, 'Kences Towers',

No.1, Ramakrishna Street, North Usman Road,

T. Nagar, Chennai – 600 017.

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

e-mail: corpseiv@iepindia.com

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

### ix. Share Transfer System

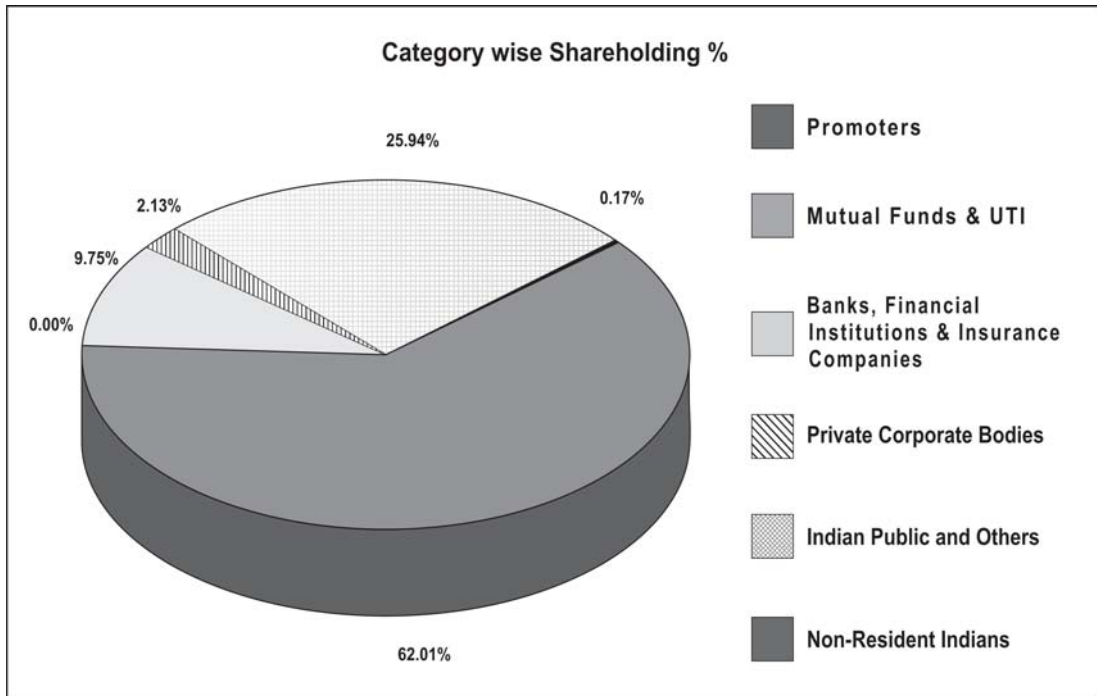
The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. Share transfer process is completed within 30 days from the date of receipt of transfer document by the Registrar and Transfer Agents (RTA). Requests for dematerialisation are generally confirmed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

### x. Distribution of shareholding as on March 31, 2011

Number of shares held	Folio		Shares	
	Number	%	Number	%
Upto 500	5,566	91.26	598,371	7.56
501 – 1000	232	3.80	179,905	2.27
1001 – 2000	118	1.93	175,457	2.22
2001 – 5000	106	1.74	337,482	4.26
5001 – 10000	39	0.64	283,596	3.58
10001 – 20000	19	0.31	265,074	3.35
20001 – 50000	15	0.25	416,605	5.27
100001 & above	4	0.07	5,658,490	71.49
<b>Total</b>	<b>6,099</b>	<b>100.00</b>	<b>7,914,980</b>	<b>100.00</b>

### xi. Pattern of shareholding as on March 31, 2011

Sl. No.	Category	No. of Folios	No. of shares	% to total capital
A	Promoters	12	4,907,812	62.01
B	Mutual Funds & UTI	1	200	0.00
C	Banks, Financial Institutions & Insurance Companies	7	771,893	9.75
D	Private Corporate Bodies	162	168,621	2.13
E	Indian Public and others	5,854	2,053,406	25.94
F	Non-Resident Indians	63	13,048	0.17
	<b>Total</b>	<b>6,099</b>	<b>7,914,980</b>	<b>100.00</b>



#### xii. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by investors. As of March 31, 2011, about 96.14% of the shareholdings have been dematerialised.

Demat ISIN Number : **INE244J01017**  
 Corporate Identification Number (CIN) : **L63011TN2004PLC054948**

#### xiii. Plant locations - Given in the First page of the Annual Report.

#### xiv. Address for Communication :

Mr. G Karthikeyan  
 Compliance officer  
 Rane Brake Lining Limited  
 Rane Corporate Centre,  
 "Maithri" 132, Cathedral Road,  
 Chennai 600 086.  
 Ph.28112472  
 Fax: 28112449  
 E-mail: investorservices@rane.co.in

**OR**

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

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

To the Members of **Rane Brake Lining Limited**

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

The compliance with conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

Place : Chennai  
Date : May 23, 2011

**S Datta**  
Partner  
(Membership No: F14128)

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To

The Members

**Rane Brake Lining Limited**

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

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

Place : Chennai  
Dated : May 23, 2011

**L Lakshman**  
Manager / Director

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## AUDITORS' REPORT TO THE MEMBERS OF RANE BRAKE LINING LIMITED

1. We have audited the attached Balance Sheet of RANE BRAKE LINING LIMITED (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the 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 comply, in all material respects, 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, 2011 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, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Chennai  
Date : May 23, 2011

**S Datta**  
Partner  
(Membership No. F14128)

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## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of RANE BRAKE LINING LIMITED on the financial statements for the year ended March 31, 2011)

- (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 are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a physical verification was carried out by the management and no material discrepancies between the book records and the physical inventory have been noticed.
- (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 location 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 confirmation has been obtained from the sub-contractors.
- (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 inventories and the discrepancies between the physical inventories and the book records, which have been properly dealt with in the books of account, were not material.
- (iii) (a) The Company has granted an interest free unsecured loan to a party covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs.5,000 thousands. In our opinion, the terms and conditions of such loan are not prima facie prejudicial to the interest of the Company. No amount is due for repayment in respect of the above loan as at the balance sheet date.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (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 the 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/services 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 the 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.

**ANNEXURE TO THE AUDITORS' REPORT (Contd.)**

(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, 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 year end there were no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except as follows

Name of the statute	Nature of dues	Amount (Rs. 000)	Forum where the dispute is pending
Tamilnadu General Sales Tax Act, 1959	Sales Tax	1,770	Assistant Commissioner
Central Sales Tax Act, 1956	Sales Tax	1,406	Assistant Commissioner
Central Sales Tax Act, 1956	Sales Tax	1,167	Appellate Deputy Commissioner
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	442	Appellate Deputy Commissioner
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	92	Appellate Joint Commissioner
Central Excise Act, 1944	Excise Duty	12,398	CESTAT
Finance Act, 1994	Service Tax	12,774	CESTAT
Income Tax Act, 1961	Income Tax	48,776	Commissioner of Income Tax (Appeals)

(x) The Company has no accumulated losses as at March 31, 2011 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 a 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 Number : 007567S  
Chartered Accountants

Place : Chennai  
Date : May 23, 2011

**S Datta**  
Partner  
(Membership No. F14128)

**BALANCE SHEET AS AT 31 MARCH 2011**

SOURCES OF FUNDS	Schedule	As at 31 March 2011 Rs. '000	As at 31 March 2010 Rs. '000
<b>Shareholders' Funds</b>			
Capital	A	79,150	79,150
Reserves and Surplus	B	<u>789,182</u>	<u>682,399</u>
		<b>868,332</b>	761,549
<b>Loan Funds</b>			
Secured Loans	C	465,255	277,350
Unsecured Loans	D	<u>177,147</u>	<u>168,461</u>
		<b>642,402</b>	445,811
<b>Deferred Tax Liability (Net)</b> ( Note 6 on Schedule T)		<b>83,207</b>	79,872
<b>Total</b>		<u><b>1,593,941</b></u>	<u>1,287,232</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	2,072,089	1,902,042
Less: Depreciation / Amortisation		<u>1,038,220</u>	<u>1,002,235</u>
Net Block		1,033,869	899,807
Capital Work-in-progress		<u>65,561</u>	<u>15,693</u>
		<b>1,099,430</b>	915,500
<b>Investments</b>	F	-	25,000
<b>Current Assets, Loans and Advances</b>			
Inventories	G	247,694	169,660
Sundry Debtors	H	620,455	488,094
Cash and Bank Balances	I	23,067	22,444
Other Current Assets	J	1,712	1,427
Loans and Advances	K	<u>76,121</u>	<u>63,742</u>
		<b>969,049</b>	<u>745,367</u>
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	L	439,423	368,911
Provisions	M	<u>35,115</u>	<u>29,724</u>
		<b>474,538</b>	<u>398,635</u>
<b>Net Current Assets</b>		<b>494,511</b>	346,732
<b>Total</b>		<u><b>1,593,941</b></u>	<u>1,287,232</u>
<b>Notes on Accounts</b>	T		

The schedules referred to above form an integral part of these accounts

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

For and on behalf of the Board

**For Price Waterhouse & Co.**

Firm Registration Number : 007567S  
Chartered Accountants

**L GANESH**  
Chairman

**S Datta**

Partner  
(Membership No. F14128)

Chennai  
May 23, 2011

**G KARTHIKEYAN**  
Secretary

**L LAKSHMAN**  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011**

	Schedule	Year ended 31 March 2011 Rs. '000	Year ended 31 March 2010 Rs. '000
<b>INCOME</b>			
Sales and Operating Revenue	N	3,058,410	2,363,002
Other Income	O	24,758	13,765
		<u>3,083,168</u>	<u>2,376,767</u>
<b>EXPENDITURE</b>			
Cost of Goods Sold	P	1,575,060	1,118,671
Employee Costs	Q	365,696	332,454
Other Manufacturing, Administration and Selling Expenses	R	777,506	621,402
Interest and Finance Charges	S	44,253	45,476
Depreciation / Amortisation		123,994	109,437
		<u>2,886,509</u>	<u>2,227,440</u>
<b>PROFIT BEFORE TAX</b>		<b>196,659</b>	<b>149,327</b>
Tax expense :			
Current		40,500	48,890
Deferred		3,335	(433)
		<u>43,835</u>	<u>48,457</u>
<b>PROFIT AFTER TAX</b>		<b>152,824</b>	<b>100,870</b>
Balance brought forward from previous year		161,314	112,204
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>314,138</b>	<b>213,074</b>
<b>APPROPRIATIONS :</b>			
Transfer to General Reserve		15,450	10,090
Interim Dividend 30% (Previous year 30%)		23,745	23,745
Proposed Final dividend 20 % (Previous year 15%)		15,830	11,872
Tax on Dividends		6,466	6,053
Balance carried to Balance Sheet		252,647	161,314
		<u>314,138</u>	<u>213,074</u>
<b>EARNINGS PER SHARE OF Rs.10 EACH (Basic and Diluted) in Rs.</b>		<b>19.31</b>	<b>12.78</b>

**Notes on Accounts**

T

The 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 Number : 007567S

Chartered Accountants

**L GANESH**  
Chairman**S Datta**

Partner

(Membership No. F14128)

Chennai  
May 23, 2011**G KARTHIKEYAN**  
Secretary**L LAKSHMAN**  
Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011**

Rs. '000

	PARTICULARS	31 March 2011	31 March 2010
(A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before Tax	196,659	149,327
	<b>Adjustment for:</b>		
	Depreciation / Amortisation	123,994	109,437
	Interest Charges	41,607	43,244
	Profit on Sale of Fixed Assets (Net)	(471)	(589)
	Dividend Income	(259)	(317)
	Interest income from deposits	(1,203)	(1,361)
	Operating profit before Working Capital Adjustments	360,327	299,741
	Adjustment for changes in working capital		
	Inventories	(78,034)	(41,004)
	Sundry Debtors	(132,360)	(82,023)
	Loans and Advances	5,181	9,870
	Trade and other payables	68,421	155,799
	Cash generated from operating activities	223,535	342,383
	Direct Taxes Paid	(60,557)	(47,599)
	<b>Net Cash from Operating Activities</b>	<b>162,978</b>	<b>294,784</b>
(B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(308,464)	(63,018)
	Sale proceeds of Fixed Assets	3,456	1,182
	Purchase of Investments	(45,000)	(85,000)
	Sale of Investments	70,000	60,000
	Interest received	741	1,461
	Dividend received	437	140
	Net increase in fixed deposits with maturity period beyond three months / otherwise restricted	(963)	(2,187)
	<b>Net Cash (used) in Investing Activities</b>	<b>(279,793)</b>	<b>(87,422)</b>
(C)	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Increase / (Decrease) in long term loans (net)	118,035	(101,316)
	Proceeds from A.P Government Sales tax Deferral Scheme	5,346	4,635
	Increase / (Decrease) in Fixed Deposits	3,340	96,920
	Proceeds from / (Replenishment) of Short term loans	10,000	60,000
	Net increase in Cash credit, Packing credit and Bill Discounting	60,415	(236,966)
	Dividend and Dividend tax paid	(41,533)	(46,300)
	Proceeds from issue of share capital	-	35,000
	Interest paid	(39,128)	(40,345)
	<b>Net Cash from / (used) in Financing Activities</b>	<b>116,475</b>	<b>(228,372)</b>
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents ( A + B + C )</b>	<b>(340)</b>	<b>(21,010)</b>
(D)	Cash and Cash Equivalents At the Beginning of the Year	14,403	35,413
(E)	Cash and Cash Equivalents At the End of the Year	14,063	14,403

Note:

Cash and Cash Equivalents at the end of the year

As per Balance sheet

23,067

22,444

Less: Deposits with maturity period beyond three months / otherwise restricted

9,004

8,041

14,063

14,403

Cash and Cash Equivalents at the beginning of the year

As per Balance sheet

22,444

41,267

Less: Deposits with maturity period beyond three months / otherwise restricted

8,041

5,854

14,403

35,413

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 Number : 007567S

Chartered Accountants

**L GANESH**

Chairman

**S Datta**

Partner

(Membership No. F14128)

Chennai

May 23, 2011

**G KARTHIKEYAN**

Secretary

**L LAKSHMAN**

Director

**Schedules forming part of the Accounts**

**SCHEDULE A**

**CAPITAL**

**Authorised**

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

**Issued and Subscribed**

7,914,980 Equity Shares of Rs.10 each fully paid-up

	<b>As at 31 March 2011 Rs. '000</b>	<b>As at 31 March 2010 Rs. '000</b>
	<b>100,000</b>	100,000
	<b>100,000</b>	100,000
	<b>79,150</b>	79,150
	<b>79,150</b>	79,150

**SCHEDULE B**

**RESERVES AND SURPLUS**

Rs. '000

Description	As at 31 March 2010	Additions	<b>As at 31 March 2011</b>
Securities Premium Account	28,000		<b>28,000</b>
General Reserve	493,085	15,450	<b>508,535</b>
Profit and Loss Account Balance	161,314		<b>252,647</b>
	<b>682,399</b>		<b>789,182</b>

**SCHEDULE C**

**SECURED LOANS**

From Banks

Term Loans

Cash Credit and Packing Credit

IDBI -Bill discounting

Short-Term Loan from a bank

Interest accrued and due

	<b>As at 31 March 2011 Rs. '000</b>	<b>As at 31 March 2010 Rs. '000</b>
	<b>300,567</b>	182,531
	<b>64,968</b>	34,273
	<b>29,720</b>	-
	<b>70,000</b>	60,000
	-	546
	<b>465,255</b>	277,350

Notes:

1. For security particulars refer Note 2 on Schedule T

2. Term Loans Repayable within one year

**70,152**

46,380

**SCHEDULE D**

**UNSECURED LOANS**

Fixed Deposits (Notes below)

Interest free loan from A.P.Government under Sales

Tax Deferral Scheme (Note 3 on Schedule T)

	<b>As at 31 March 2011 Rs. '000</b>	<b>As at 31 March 2010 Rs. '000</b>
	<b>123,715</b>	120,375
	<b>53,432</b>	48,086
	<b>177,147</b>	168,461

Notes:

1. Fixed Deposits held by Directors

2. Fixed Deposits repayable within one year

**5,930**

4,630

**29,775**

9,660

**Schedule forming part of the Accounts****SCHEDULE E  
FIXED ASSETS**

Description	Gross Block				Depreciation / Amortisation				Net Block	
	Cost as at 31 March 2010	Additions	Deletions	Cost as at 31 March 2011	Upto 31 March 2010	For the Year	On Deletions	Upto 31 March 2011	As at 31 March 2011	As at 31 March 2010
<b>Tangible Assets</b>										
Land - Freehold	24,884	-	-	24,884	-	-	-	-	24,884	24,884
Buildings	309,286	8,966	-	318,252	58,043	10,778	-	68,821	249,431	251,243
Plant and Machinery	1,493,682	246,226	77,961	1,661,947	877,704	108,774	75,294	911,184	750,763	615,978
Furniture and Fittings	13,093	1,674	5,612	9,155	10,235	1,409	5,349	6,295	2,860	2,858
Office Equipment	15,305	2,171	6,796	10,680	12,642	1,818	6,765	7,695	2,985	2,663
Vehicles	3,115	2,004	625	4,494	2,669	288	601	2,356	2,138	446
<b>Intangible Assets</b>										
Goodwill	16,225	-	-	16,225	16,225	-	-	16,225	-	-
Software Licence	26,452	-	-	26,452	24,717	927	-	25,644	808	1,735
Previous year	1,902,042	261,041	90,994	2,072,089	1,002,235	123,994	88,009	1,038,220	1,033,869	899,807
	1,806,857	98,717	3,532	1,902,042	895,501	109,437	2,703	1,002,235		
Capital Work-in-progress [including Capital Advances Rs. 16,648 Thousands; Previous Year Rs.12,103 Thousands)									65,561	15,693
									1,099,430	915,500

Rs. ' 000

**Schedules forming part of the Accounts**

	Units	As at 31 March 2011 Rs. '000	Units	As at 31 March 2010 Rs. '000
<b>SCHEDULE F</b>				
<b>INVESTMENTS</b>				
<b>Non Trade</b>				
<b>Current Investments</b>				
Mutual Fund units of Rs.10 each fully paid up HDFC Cash Management Fund -Treasury Advantage Plan-WS	-	-	2,492,150	25,000
		<u>-</u>		<u>25,000</u>
		<u>-</u>		<u>25,177</u>

Notes :

1. Market value of quoted investments held
2. 4,287,447 units of HDFC Cash Management Fund-Treasury Advantage Plan-WS (Cost Rs.45,000 thousands) have been purchased and sold during the year

**SCHEDULE G**  
**INVENTORIES**

Stores and Spares	15,923	11,705
Raw Materials and Components	167,737	87,409
Goods-in-transit	23,886	30,685
Work-in-progress	31,351	31,053
Finished Goods	8,797	8,808
	<u>247,694</u>	<u>169,660</u>

**SCHEDULE H****SUNDRY DEBTORS****Unsecured**

Debts outstanding for a period exceeding six months		
Considered Good	489	1,252
Considered Doubtful	7,167	5,831
	<u>7,656</u>	<u>7,083</u>
Other Debts		
Considered Good	619,966	486,842
	<u>627,622</u>	<u>493,925</u>
Less : Provision for Doubtful Debts	7,167	5,831
	<u>620,455</u>	<u>488,094</u>

## Schedules forming part of the Accounts

### SCHEDULE I

#### CASH AND BANK BALANCES

	As at 31 March 2011 Rs. '000	As at 31 March 2010 Rs. '000
Cash on hand	589	631
Cheques on hand	177	1,860
Balances with Scheduled Banks on		
Current Accounts	13,297	11,912
Deposit Accounts(Note Below)	9,004	8,041
	<u>23,067</u>	<u>22,444</u>

Note:

Deposit receipts lodged with Government Department and Margin money deposits	5,699	6,683
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### SCHEDULE J

#### OTHER CURRENT ASSETS

(Unsecured - considered good)

Interest accrued on Deposits	1,712	1,250
Dividend accrued on Mutual Funds	-	177
	<u>1,712</u>	<u>1,427</u>

### SCHEDULE K

#### LOANS AND ADVANCES

(Unsecured - considered good except otherwise stated)

Advances recoverable in cash or in kind or for value to be received	27,610	21,827
Deposits (including Rs.440 thousands;Previous year Rs.3,484 thousands considered doubtful)	22,028	23,156
Interest Free Loan to Rane Foundation	5,000	-
Balances with Customs and Excise etc.	4,289	22,168
Advance payment of Tax and Tax Deducted at Source (Net of provision : Rs.507,104 thousands)	17,559	-
Advance Fringe benefits tax (Net of provision : Rs,13,576 thousands) (Previous Year : Rs.13,576 thousands)	75	75
	<u>76,561</u>	<u>67,226</u>
Less: Provision	440	3,484
	<u>76,121</u>	<u>63,742</u>

### SCHEDULE L

#### LIABILITIES

Acceptances

Sundry Creditors

- Due to Micro and Small Enterprises

(Note 5 on Schedule T)

- Others

Other Liabilities

Unclaimed Dividends

Unclaimed matured Fixed Deposits

Fixed deposit interest paid but not encashed

Interest accrued but not due on Loans / Fixed Deposits

Acceptances	12,179	32,295
Sundry Creditors		
- Due to Micro and Small Enterprises (Note 5 on Schedule T)	22,011	21,031
- Others	374,148	292,265
	<u>396,159</u>	313,296
Other Liabilities		
Unclaimed Dividends	21,290	16,434
Unclaimed matured Fixed Deposits	1,334	1,205
Fixed deposit interest paid but not encashed	-	245
Interest accrued but not due on Loans / Fixed Deposits	13	13
	<u>8,448</u>	5,423
	<u>439,423</u>	<u>368,911</u>

Note:

There are no amounts due to Investor  
Education and Protection Fund

## Schedules forming part of the Accounts

	As at 31 March 2011 Rs. '000	As at 31 March 2010 Rs. '000
<b>SCHEDULE M</b>		
<b>PROVISIONS</b>		
Provision for Tax (Current)	-	466,604
Less : Advance payment of Tax and Tax Deducted at Source	-	464,106
	-	2,498
Proposed Dividend	15,830	11,872
Tax on Dividend	2,568	2,018
Compensated absence	14,696	11,316
Warranty	2,021	2,020
	<u>35,115</u>	<u>29,724</u>

	Year ended 31 March 2011 Rs. '000	Year ended 31 March 2010 Rs. '000
<b>SCHEDULE N</b>		
<b>SALES AND OPERATING REVENUE</b>		
Sales	3,381,415	2,568,629
Less : Excise Duty	334,139	211,626
Net Sales	<u>3,047,276</u>	2,357,003
Sale of Scrap	4,102	2,997
Less : Excise Duty	227	216
Net Scrap Sales	<u>3,875</u>	2,781
Sale of Material	8,001	3,492
Less : Excise Duty	742	274
Net Sale of Material	<u>7,259</u>	3,218
	<u>3,058,410</u>	<u>2,363,002</u>

**Schedules forming part of the Accounts**

**SCHEDULE O**

**OTHER INCOME**

	Year ended 31 March 2011 Rs. '000	Year ended 31 March 2010 Rs. '000
Dividend income from Current investments	259	317
Interest on Customer overdues (Tax Deducted at Source Rs. Nil; Previous Year Rs.177 thousands)	774	891
Interest on deposits (Tax Deducted at Source Rs.113 thousands; Previous Year Rs.189 thousands)	1,203	1,361
Profit on Sale of Fixed Assets (net)	471	589
Provisions/ Liabilities no longer required written back	15,027	7,912
Others	7,024	2,695
	<u>24,758</u>	<u>13,765</u>

**SCHEDULE P**

**COST OF GOODS SOLD**

Raw Materials and Components Consumed *	1,512,413	1,068,749
Freight inward	34,099	32,551
Sub contract Charges	28,747	19,940
Excise Duty on Closing Stock of Finished Goods	858	770
Less: Excise duty on Opening Stock of Finished Goods	770	1,067
	<u>88</u>	(297)
Movements in value of finished goods and work-in-progress:		
Opening Stock:		
Work-in-progress	31,053	23,259
Finished Goods	8,808	14,330
	<u>39,861</u>	<u>37,589</u>
Less: Closing Stock:		
Work-in-progress	31,351	31,053
Finished Goods	8,797	8,808
	<u>40,148</u>	<u>39,861</u>
	<u>(287)</u>	<u>(2,272)</u>
	<u>1,575,060</u>	<u>1,118,671</u>
* includes Cost of materials Sold	7,504	3,181

**SCHEDULE Q**

**EMPLOYEE COSTS**

Salaries, Wages and Bonus	293,818	255,714
Contribution to:		
Provident Fund	16,756	14,514
Superannuation Fund	3,207	3,897
Gratuity	2,271	17,902
Staff Welfare Expenses	49,644	40,427
	<u>365,696</u>	<u>332,454</u>

**Schedules forming part of the Accounts****SCHEDULE R****OTHER MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES**

	<b>Year ended 31 March 2011 Rs. '000</b>	Year ended 31 March 2010 Rs. '000
Stores, Spares and Tools consumed (all indigenous)	52,924	40,065
Power and Fuel	164,837	132,632
Repairs and Maintenance :		
Buildings	977	678
Plant and Machinery	46,987	32,940
Others	21,301	15,927
Service Contractors' charges	41,075	27,532
Rent	695	619
Insurance	5,584	5,137
Rates and Taxes	11,302	13,603
Travelling and Conveyance	22,697	19,357
Professional Charges	58,248	47,625
Royalty and Technical Fees	44,058	36,825
Packing and Forwarding	120,430	101,367
Advertisement and Sales Promotion	16,272	11,780
Discount and Incentive	96,880	84,396
Sales Commission	15,691	13,927
Directors' Sitting Fees	763	895
Donation	4,350	2,187
Provision for doubtful debts	3,918	3,656
Miscellaneous Expenses (Note below)	48,517	30,254
	<u>777,506</u>	<u>621,402</u>
Note: Includes marked to market loss on financial instruments	1,853	815

**SCHEDULE S****INTEREST AND FINANCE CHARGES**

## Interest :

Term Loans	25,422	28,790
Fixed Deposits (Note below)	12,416	8,455
Cash Credit and Others	3,769	5,999
	<u>41,607</u>	<u>43,244</u>
Finance Charges:		
Bank Charges	2,646	2,232
	<u>44,253</u>	<u>45,476</u>
Note : Includes interest paid to Manager	395	484



## 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 notified by 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. 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 at the rates indicated below.

Assets	Rate - %
Vehicles	20.00
Furniture and Fittings	20.00
Office Equipments (other than computers)	33.33
Laboratory Equipments	33.33
Computers	25.00

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. Software license fee is amortised over a period of three years.

##### 1.5 Investments

Current Investments are valued at lower of cost and fair value

##### 1.6 Inventories

Stores and spares, raw materials and components are valued at cost of purchase (net of Cenvat and applicable VAT credits) ascertained on moving weighted average basis. Goods in transit are valued at cost.

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.

##### 1.7 Foreign Currency Transactions

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

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

At the year end all monetary assets and liabilities denominated in foreign currency are restated at contracted / closing exchange rates as applicable. Exchange differences on settlement / restatement are adjusted to Profit and Loss Account.

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.

**1.8 Research and Development**

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

**1.9 Employee Benefits****a. Short Term**

Short term Employee Benefits including leave encashment benefits are recognised as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

**b. Long Term**

The long term Employee Benefits represent leave encashment benefits which are provided for based on actuarial valuation using projected unit credit method.

**c. Post retirement**

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

**i) Provident Fund**

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

**ii) Superannuation Fund**

This is a defined contribution Plan. The company contributes sum equivalent to 0%, 5%, 10% and 15% of the annual salaries based on the options exercised by the eligible employees to Superannuation Fund administered by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contribution and recognises such contribution 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.

**1.10 Revenue Recognition**

Revenue from sales is recognised on despatch of goods to customers. Sales include excise duty but are net of sales returns and trade discounts and exclude sales tax.

**1.11 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 / reasonable certainty that they will be realised in the foreseeable future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

## Schedules forming part of the Accounts

### NOTES ON ACCOUNTS (Contd.)

#### 1.12 Financial instruments

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 contracts, where the counter party is a bank.

The forward rate contracts in foreign currencies taken in respect of highly probable forecast transactions are marked to market and the resultant losses, if any, are recognised in the profit and loss account.

#### 2. Secured Loans

- 2.1 Term loans other than short term loan are secured by way of hypothecation of all the movable fixed assets of the Company.
- 2.2 Short term loan from a bank is secured on a pari passu basis by a first charge by way of hypothecation of inventories, book debts and all the movable fixed assets of the Company.
- 2.3 Cash credit and packing credit facilities are secured on a pari passu basis by a first charge created by way of hypothecation of inventories and book debts.

#### 3. Unsecured Loans

Government of Andhra Pradesh, Commissionerate of Industries had issued to the Company Eligibility Certificate No.20/2/8/1551 dated 27th January 1999 for deferral of sales tax beyond the base sales turnover of Rs.21 crores for a period of 14 years i.e. from 1.7.1998 to 30.6.2012 which would be treated as interest free loan subject to execution of agreement and other documents with the Commercial Taxes Department as per terms and conditions stipulated by the Department.

The Company had accordingly executed an agreement on 23rd November 1999 with the Government of Andhra Pradesh Commercial Taxes Department. However, pending creation of a charge / mortgage on all immovable properties situated at Pregnapur Village, Hyderabad, the sales tax deferred for the period from 1st January 1999 to 31st March 2011 aggregating Rs. 53,432 thousands (Rs. 48,086 thousands) has been classified under Unsecured Loans. Repayment of the deferred amount begin from July , 2012.

#### 4. Cash and Bank Balances

Current Accounts include Interest Warrant Account Rs.426 thousands (Rs. 559 thousands) and Unpaid Dividend Account Rs. 1,341 thousands (Rs. 1,207 thousands)

#### 5. Current Liabilities

Disclosure relating to Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED')

Particulars	31 March 2011 Rs. '000	31 March 2010 Rs. '000
The principal amount and the interest due thereon remaining unpaid to suppliers under MSMED as at the end of the year		
Principal	20,994	20,599
Interest	1,017	432
Total amount due as per Schedule L	22,011	21,031

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

<b>Particulars</b>	<b>31 March 2011 Rs. '000</b>	31 March 2010 Rs. '000
The amount of interest paid in terms of section 16 of MSMED along with the amount of payment made to suppliers beyond the appointed day during the year.		
Principal	<b>143,342</b>	106,012
Interest	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED	<b>585</b>	310
The amount of interest accrued and remaining unpaid at the end of the year	<b>1,017</b>	432
The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED	<b>432</b>	122
<p>The above information and that given in Schedule L "Liabilities" regarding Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.</p>		
<b>6. Deferred Tax</b>		
The net deferred tax liability is on account of		
<b>Liability:</b>		
Difference between book and tax written down value of Fixed Assets	<b>104,704</b>	99,505
<b>Assets:</b>		
Voluntary Retirement Scheme	-	2,095
Provision for expenses allowable on payment basis	<b>15,968</b>	14,372
Others	<b>5,529</b>	3,166
	<b>21,497</b>	19,633
Net Deferred Tax Liability	<b>83,207</b>	79,872
<b>7. Capital Commitment</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	<b>105,994</b>	57,095
<b>8. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts	<b>87,448</b>	70,519

## Schedules forming part of the Accounts

### NOTES ON ACCOUNTS (Contd.)

Particulars	31 March 2011 Rs. '000	31 March 2010 Rs. '000
<b>9. Other Financial Information</b>		
Outstanding Bank Guarantees	10,155	14,662
Outstanding Letters of Credit	12,879	5,180
Net exchange difference debited to Profit and Loss Account	12,782	4,642
<b>10. Amount paid / payable to Auditors</b>		
Statutory Audit	1,400	1,300
Tax Audit	225	200
Other Services	420	95
Out of pocket expenses	21	15
	<u>2,066</u>	<u>1,610</u>
<b>11. Research and Development Cost</b>		
Capital expenditure	3,118	4,877
Revenue expenditure	55,292	41,888
<b>12. Managerial Remuneration</b>		
<b>12.1 Remuneration to Manager</b>		
Salaries and Allowances	-	1440
Contribution to Provident and other funds	-	36
Perquisites	-	14
	<u>-</u>	<u>**1,490</u>
**represents remuneration for part of the year		
<b>12.2 Commission Payable to chairman</b>		
Commission payable to chairman requires approval of shareholders.	1,900	1,532
<b>12.3 Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 and calculation of commission to chairman</b>		
Profit before tax	196,659	149,327
Add : Remuneration to Manager	-	1,490
Commission to chairman	1,900	1,532
Directors sitting fees	763	895
Adjusted Profit	199,322	153,244
Commission at 1%	1,993	1,532
Restricted to	1,900	

## Schedules forming part of the Accounts

## NOTES ON ACCOUNTS (Contd.)

## 13. Disclosure under Accounting Standard 15 (Revised)

a) Defined benefit plan – Gratuity	31 Mar 11 Rs'000	31 Mar 10 Rs'000	31 Mar 09 Rs'000	31 Mar 08 Rs'000
<b>Present value of obligation at the beginning of the year</b>	<b>63,641</b>	42,434	50,381	40,047
Interest cost	5,091	3,392	3,710	2,976
Current service cost	5,217	2,836	6,045	5,181
Past service cost	-	(31)	-	-
Benefits paid	(4,739)	(4,271)	(7,998)	(5,689)
Actuarial loss / (gain)	(3,201)	19,281	(9,704)	7,866
<b>Present value of obligation as at the end of the year</b>	<b>66,009</b>	63,641	42,434	50,381
<b>Fair value of plan assets at the beginning of the year</b>	<b>45,983</b>	46,153	41,752	29,468
Expected return on plan assets	4,836	4,101	3,365	2,727
Contributions	17,658	-	8,623	14,916
Benefits Paid	(4,739)	(4,271)	(7,998)	(5,689)
Actuarial gain / (loss) on plan assets	-	-	411	330
<b>Fair value of plan assets at the end of the year</b>	<b>63,738</b>	45,983	46,153	41,752
<b>Amounts recognised in the balance sheet</b>				
Present value of obligation as at the end of the year	<b>66,009</b>	63,641	42,434	50,381
Fair value of plan assets at the end of the year	63,738	45,983	46,153	41,752
Funded status of the plan (asset) / liability	2,271	17,658	(3,719)	8,629
Excess Provision not reversed in the year	-	-	3,719	-
<b>Net (asset) / liability recognised in the Balance sheet</b>	<b>2,271</b>	17,658	-	8,629
<b>Amounts recognised in the statement of Profit and Loss</b>				
Current service cost	5,217	2,836	6,045	5,181
Interest cost	5,091	3,392	3,710	2,976
Expected return on plan assets	(4,836)	(4,101)	(3,365)	(2,727)
Net actuarial (gain) / loss recognised in the year	(3,201)	19,281	(10,115)	7,535
Past Service Cost	-	(31)	6	(4,336)
Adjustment for present value of economic benefits not recognised last year	-	(3,719)	-	-
Excess Provision not reversed in the year	-	-	3,719	-
<b>Expenses recognised in the statement of Profit and Loss</b>	<b>2,271</b>	17,658	-	8,629
<b>Actual Return on Plan assets</b>	<b>4,836</b>	4,101	3,776	3,057
<b>Principal actuarial assumptions as at Balance Sheet date</b>				
Discount rate	8.00%	8.00%	7.70%	8.00%
Expected return on plan assets	9.30%	9.30%	9.30%	8.00%
Salary escalation	8.00%	8.00%	6.42%	6.42%
Attrition rate	1-3%	1-3%	5.23%	9.75%

## Schedules forming part of the Accounts

### NOTES ON ACCOUNTS (Contd.)

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

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

	<b>31 March 2011</b>	31 March 2010
	<b>Rs. '000</b>	Rs. '000
<b>b) Long Term Benefit – Leave encashment</b>		
<b>Assumptions</b>		
Discount Rate	8.00%	8.00%
Salary escalation rate	8.00%	8.00%
Attrition rate	1-3%	1-3%

### 14. Earnings Per Share – Basic and Diluted

Profit after Tax	A	152,824	100,870
Weighted number of equity shares of Rs.10 each	B	7,914,980	7,891,966
Earning per share – in Rupees	A / B	19.31	12.78

### 15. Segment Reporting

The Company is engaged in the business of manufacture of "components for Transportation Industry" which is considered to be the only reportable business segment as per the Accounting Standard 17. 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.

### 16. Related Party Disclosures

#### (a) List of Related Parties

(i) Holding Company	Rane Holdings Limited (RHL)
(ii) Fellow subsidiaries	Rane (Madras) Limited (RML) Rane Diecast Limited (RDL) Rane Engine Valve Limited (REVL)
(iii) Significant influence	Nisshinbo Holdings Inc.,
(iv) Key Management Personnel	Mr P S Rao, Manager (till May 31, 2009) under the Companies Act, 1956 Mr.L Lakshman Manager (with effect from June1, 2009) under the Companies Act, 1956 without remuneration Mr. L Ganesh, Chairman
(v) Relatives of Key Management Personnel (L.Lakshman and L.Ganesh)	Mrs. Pushpa Lakshman, Mr. Harish Lakshman, Mrs. Hema C Kumar, Mrs.Vanaja Aghoram, Mrs. Shanthi Narayan, Mr. Vinay Lakshman, Ms. Meenakshi Ganesh, Mr. Aditya Ganesh and Ms. Aparna Ganesh
(vi) Enterprise over which Key Management Personnel exercise significant influence	Rane TRW Steering Systems Limited (RTSSL) Kar Mobiles Limited (KML) Rane Foundation (RF)

(b) 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.

## Schedules forming part of the Accounts

## NOTES ON ACCOUNTS (Contd.)

(c) Particulars of transactions during the year and balances as at March 31, 2011

Rs. '000

Description	Holding Company		Fellow Subsidiary (RML)		Key Management Personnel (KMP)		Relatives of (KMP)		Enterprise over which Key Management Personnel exercise significant influence (RF)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>Transaction During the year</b>												
Trademark Fee	15,910	12,307	-	-	-	-	-	-	-	-	15,910	12,307
Professional Charges	28,617	27,040	-	-	-	-	-	-	-	-	28,617	27,040
Reimbursement of expenses	-	-	97	2,607	-	-	-	-	-	-	97	2,607
Remuneration to P.S.Rao	-	-	-	-	-	1,490	-	-	-	-	-	1,490
Commission to L Ganesh	-	-	-	-	1,900	1,532	-	-	-	-	1,900	1,532
Fixed Deposits Accepted	-	-	-	-	1,800	500	600	1,850	-	-	2,400	2,350
Fixed Deposits Renewed / Repaid	-	-	-	-	500	2,580	150	500	-	-	650	3,080
Interest on Fixed Deposits	-	-	-	-	464	516	503	239	-	-	967	755
Sitting fees	-	-	-	-	-	-	-	-	-	-	-	-
L Lakshman	-	-	-	-	-	23	-	-	-	-	-	23
L Ganesh	-	-	-	-	-	188	-	-	-	-	-	188
Harish Lakshman	-	-	-	-	-	-	113	80	-	-	113	80
Interest Free Loan	-	-	-	-	-	-	-	-	5,000	-	5,000	-
Donation	-	-	-	-	-	-	-	-	4,000	-	4,000	-
<b>Balance as at year end</b>												
Fixed Deposits	-	-	-	-	6,580	5,280	3,400	2,950	-	-	9,980	8,230
Interest Free Loan	-	-	-	-	-	-	-	-	5,000	-	5,000	-
Payables	-	2,970	-	-	-	-	-	-	-	-	-	2,970
Receivables	19	-	97	187	-	-	-	-	-	-	116	187



## Schedules forming part of the Accounts

### NOTES ON ACCOUNTS (Contd.)

		31 March 2011		31 March 2010	
		Quantity		Quantity	
<b>17. Quantitative and Other Information</b>					
<b>A</b>	<b>Particulars of goods produced</b>				
a.	Licensed capacity per annum (Excluding Non – Asbestos products for which industrial license is not required)	MT	11,579		11,579
b.	Installed capacity per annum (as certified by the management)	MT	20,010		18,988
c.	Opening stock of finished goods	000 Nos.	204		320
d.	Production	000 Nos.	39,765		31,288
e.	Sales	000 Nos.	39,799		31,404
f.	Closing stock of finished goods	000 Nos.	170		204
<b>B</b>	<b>Raw materials and Components consumed</b>		<b>Quantity</b>	<b>Rs. '000</b>	<b>Quantity</b> <b>Rs. '000</b>
a.	Asbestos	MT	4,527	130,430	4,913 127,366
b.	Chemicals & Resins	MT	12,992	1,099,637	11,255 748,082
c.	Steel Components	000 Nos.	19,192	279,681	14,081 191,881
d.	Others*			2,665	1,420
	* (Individually less than 10% of total consumption)	Total		1,512,413	1,068,749
<b>C</b>	<b>Raw Materials and Components</b>		<b>%</b>		<b>%</b>
a.	Imported		49.1	741,664	44.5 475,565
b.	Indigenous		50.9	770,749	55.5 593,184
		Total	100.0	1,512,413	100.0 1,068,749
<b>D</b>	<b>Value of imports calculated on CIF basis</b>				
a.	Raw Materials and Components			584,952	378,573
b.	Capital Goods			4,831	2,824
		Total		589,783	381,397
<b>E</b>	<b>Expenditure in foreign currency</b>				
a.	Royalty (net of tax)			24,744	22,912
b.	Technical Fees (net of tax)			17,542	9,579
c.	Travelling			404	260
d.	Sales Commission			4,337	2,992
e.	Professional and Consultancy charges			3,945	3,961
<b>F</b>	<b>Remittance in foreign currency on account of Dividend</b>				
	No. of Non Resident Shareholders		1		1
	No. of Shares held		1,595,249		1,595,249
	Dividend remitted during the year (Rs. '000)				
	For 2008-09 (Final)			-	3,190
	For 2009-10 (Interim)			-	4,786
	For 2009-10 (Final)			2,393	-
	For 2010-11 (Interim)			4,786	-
<b>G</b>	<b>Earnings in foreign exchange</b>				
	FOB value of Exports			157,823	149,730

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

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

**S Datta**  
Partner  
(Membership No. F14128)  
Chennai  
May 23, 2011

**G KARTHIKEYAN**  
Secretary

**Signature to Schedules A to T**  
For and on behalf of the Board

**L GANESH**  
Chairman

**L LAKSHMAN**  
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

**I. Registration Details**

Registration No.	L63011TN2004PLC054948
Balance Sheet Date	31.03.2011
State Code	18

**II. Capital raised during the year (Rupees in Thousands)**

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

**III. Position of mobilisation and Deployment of Funds (Rupees in Thousands)**

Total Liabilities	2,068,479
Total Assets	2,068,479

**Sources of Funds**

Paid-up Capital	79,150
Reserves and Surplus	789,182
Secured Loans	465,255
Unsecured Loans	177,147
Deferred Tax Liability	83,207

**Application of funds**

Net Fixed Assets	1,099,430
Investment	-
Net Current Assets	494,511
Misc. Expenditure	-

**IV. Performance of the Company (Rupees in Thousands)**

Turnover (including Other Income)	3,083,168
Total Expenditure	2,886,509
Profit / (Loss) before tax	196,659
Profit / (Loss) after tax	152,824
Earnings per Share – Rs.	19.31
Dividend Rate %	50

**V. Generic names of three principal products / services of company (as per monetary terms)**

Item Code No. (ITC Code)	681390.10
Product Description	Asbestos Friction Materials
Item Code No. (ITC Code)	87.08
Product Description	Parts & Accessories of motor vehicles Asbestos Free Friction Materials
Item Code No. (ITC Code)	8607.29
Product Description	Railway Brakes & Parts thereof-Others

For and on behalf of the Board

**L GANESH**  
Chairman

Chennai  
May 23, 2011

**G KARTHIKEYAN**  
Secretary

**L LAKSHMAN**  
Director

## FINANCIAL HIGHLIGHTS

### SUMMARY OF RESULTS

Year	Income	Profit before tax	Profit after tax	Dividend	Reserves & Surplus	Share Capital	Earnings per share
	Rs. Million	Rs. Million	Rs. Million	%	Rs. Million	Rs. Million	Rs.
2006-07 #	-	(0.01)	(0.01)	-	-	0.10	(1.64)
2007-08	1,842.70	111.95	89.41	40	584.78	72.15	12.39
2008-09	1,931.46	43.24	28.94	20	595.20	72.15	4.01
2009-10	2,376.77	149.33	100.87	45	682.40	79.15	12.78
<b>2010-11</b>	<b>3,083.17</b>	<b>196.66</b>	<b>152.83</b>	<b>50</b>	<b>789.18</b>	<b>79.15</b>	<b>19.31</b>

### BALANCE SHEET SUMMARY

Rs. Million

Year ended 31 March	2011	2010	2009	2008	2007 #
Gross Fixed Assets	2,237.65	1,917.74	1,850.72	1,652.80	-
Depreciation	1,138.22	1,002.24	895.50	798.63	-
Net Fixed Assets	1,099.43	915.50	955.22	854.17	-
Investments	-	25.00	-	-	-
Current Assets	892.93	711.27	606.99	678.85	0.08
Loans & Advances	76.12	63.74	73.61	118.70	-
Deferred Revenue Expenditure	-	-	-	11.93	0.01
Total Assets	2,068.48	1,715.51	1,635.82	1,663.65	0.09
Secured & Unsecured Loans	642.40	445.81	622.78	577.69	-
Current Liabilities & Provisions	474.54	428.28	265.39	355.02	0.01
Deferred Tax Liability	83.21	79.87	80.31	74.01	-
Total Liabilities	1,200.15	953.96	968.47	1,006.72	0.01
Net Worth	868.33	761.55	667.35	656.93	0.08
Represented by :					
Equity Capital	79.15	79.15	72.15	72.15	-
Reserves & Surplus	789.18	682.40	595.20	584.78	0.08
<b>Net Worth per Equity Share of Rs. 10 each Rs.</b>	<b>109.71</b>	<b>96.50</b>	<b>92.49</b>	<b>91.05</b>	<b>0.01</b>

# Financial Results before commencement of operational activities.

**Notes**

**Notes**

