



Rane Brake Lining Limited

7th ANNUAL REPORT 2012

Rane Brake Lining Limited

Board of Directors

L GANESH

Chairman

L LAKSHMAN

HARISH LAKSHMAN

S A MURALI PRASAD

ANIL KUMAR V EPUR

S SANDILYA

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

Standard Chartered Bank

IDBI Bank Limited

State Bank of India

The Hongkong and Shanghai Banking Corporation

YES 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@ieindia.com

CONTENTS	PAGE NO.
Notice to Shareholders	2
Report of the Directors	8
Auditors' Report	27
Balance Sheet	32
Statement of Profit and Loss	33
Cash Flow Statement	34
Notes to Accounts	36

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Seventh Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m. on Friday, July 13, 2012, at The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014,** to transact the following : -

ORDINARY BUSINESS:

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

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

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

2. To declare dividend on equity shares.

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

"Resolved that the interim dividend of Rs.4/- per equity share declared by the board of directors of the Company on January 25, 2012 on 79,14,980 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.3,67,95,951 (including dividend distribution tax and cess thereon), paid to the shareholders on February 10, 2012 for the year ended March 31, 2012 be and is hereby approved."

"Resolved further that final dividend of Rs.3/- per equity share of Rs.10/- each on 79,14,980 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2012, absorbing an amount of Rs.2,75,96,963 (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appears in the Company's Register of Members as on July 13, 2012 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 6, 2012 as per the details furnished by the Depositories for this purpose."

3. To appoint a Director in the place of Mr. L Lakshman, who retires by rotation under Article 111 and 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. L Lakshman, 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. Koji Nishihara, who retires by rotation under Article 111 and 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. Koji Nishihara, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

SPECIAL BUSINESS:

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

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

Appointment of Auditors

"Resolved that, pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. Varma & Varma, Chartered Accountants (Registration No. FRN 04532S with The Institute of Chartered Accountants of India), be and are hereby appointed as auditors of the Company in the place of M/s. Price Waterhouse & Co., Chartered Accountants, who have intimated to the Company that they are not seeking re-appointment as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

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

Appointment of Mr. P S Rao as 'Manager'

"Resolved that in accordance with the provisions of Sections 198, 269 and Section 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and such other approvals as may be required, Mr. P S Rao, be and is hereby appointed as 'Manager' within the meaning

of Section 2(24) of the Act, with effect from April 1, 2012, in the designation of President, for a period of two years from April 1, 2012 upto March 31, 2014 or such other shorter periods as may be decided by the Board of Directors of the Company, on the following terms :

a) **Salary :**

In the scale of Rs.2,00,000 to Rs.3,00,000 per month. Annual increase will be effective 1st of April every year from April 1, 2012 onwards and the quantum will be decided by the Board of Directors.

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

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

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

c) **Contribution to funds :**

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

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

d) **Gratuity :**

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

e) **Incentive Remuneration :**

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

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

prescribed by the Government from time to time as minimum remuneration."

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

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

"Resolved that pursuant to the provisions of Section 309(4)(b) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be required, the payment and distribution by way of commission to Mr. L Ganesh, Chairman, not exceeding one percent (1%) of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act with effect from April 1, 2012 for a period of three years be and is hereby approved."

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

(By Order of the Board)

For **Rane Brake Lining Limited**

Chennai
May 23, 2012

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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as given in the notice is annexed.
3. The Register of Members of the Company will remain closed from **Saturday, July 7, 2012 to Friday, July 13, 2012** (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2005 and thereafter which remain unclaimed for a period of seven years (including the dividends declared by erstwhile Rane Brake Linings Limited) will be transferred to the Investor Education

Rane Brake Lining Limited

and Protection Fund (IEPF) of the Central Government.

The Company has sent reminders to all those members whose dividend payments during the last seven years remain unpaid as per Company records.

Members are requested to contact the Company's Registrar and Transfer Agents, for payment in respect of the unclaimed dividend for the financial year 2004-05 and thereafter.

5. Ministry of Corporate Affairs (MCA) vide circular no.17/2011 dated April 29, 2011 permitted sending all communications to members by electronic mail (e-mail), as a measure of "Green Initiative in Corporate Governance". In line with the ministry's direction your Company intends to send all future communication to members by e-mail including notice of the annual general meeting and annual report, to the e-mail address registered with your respective Depository Participants (DPs). We encourage your participation and expect your support in this green initiative. To receive communications from the Company in electronic form, please register your e-mail address with your DP/ Registrar and Share Transfer Agents (RTA) or write to us at investorservices@rane.co.in. All members are entitled to receive the communication in physical form upon request for the same.

6. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential and e-mail address to the 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 their residential and e-mail 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, 2012

G Karthikeyan
Secretary

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

Resolution No.5

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

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

A special notice under Section 225 of the Companies Act, 1956 has been received by the Company, from a member, of the intention to move the resolution appointing M/s Varma & Varma, Chartered Accountants, as the Auditors.

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

Your directors commend the resolution for adoption.

Resolution No.6

Consequent to the expiry of tenure of appointment of Mr. L Lakshman as the 'Manager' under the Companies Act, 1956 with effect from March 31, 2012, your directors have appointed Mr. P S Rao, President of the Company, as 'Manager' for a period of two years from April 1, 2012 to March 31, 2014 on the terms of remuneration as detailed in the resolution.

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

I. General Information:

The Company is a subsidiary of Rane Holdings Limited under Section 4(1)(a) of the Companies Act, 1956. The Company is engaged in manufacture and sale of brake & clutch linings and Railway Brake Blocks, all of which will fall under auto component industry. The financial performance of the Company for the year ended March 31, 2012 is given below:

Particulars for 2011-12	Rs. Crores
Sales & Operating Revenues	359.17
Profit Before Tax	21.90
Provision for Tax	5.71
Profit After Tax	16.19
Exports (FOB Value) during the year	19.71
Net Foreign Exchange Earnings	20.51

Nisshinbo Holdings Inc., Japan holds 20.15% of the equity share capital of the Company. The Company also has a technical collaboration with them for providing the formulation technology.

II. Information about the appointee Mr. P S Rao :

Name	Mr. P S Rao
Father's Name	Mr. P C Rao
Date of Birth	September 20, 1952
Educational Qualifications	B.E., M. Tech. - Metallurgical Engineering
Date of Appointment	April 1, 2012
Other Directorships	NIL
Committee Memberships	NIL
Experience	37 years
Past Remuneration (for 2011-12)	Rs. in Lakhs
	Salary 57.46
	Perquisites 1.27
	Contribution to Provident Fund, Pension Fund and Gratuity 7.53
	Total 66.26
Recognition / Awards	—
Job Profile and his suitability	Overall Management of the Company. Given his qualification and experience, Mr. P S Rao is considered well suited for the position.
Comparative remuneration profile with respect to the industry	The proposed remuneration package of the appointee is in line with the prevailing remuneration package in the industry, size of the Company, profile of the position, etc.
Remuneration proposed	Detailed in the resolution. The remuneration proposed is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.

Rane Brake Lining Limited

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

Mr. P S Rao satisfies the conditions laid down by MCA in the notification, viz., he possesses specialised qualifications in engineering and metallurgical technology and has over 37 years of experience. He does not hold and has not held any share in the share capital of the Company or the holding company viz., Rane Holdings Limited and is not having or has not held any interest, direct or indirect, in the Company or the holding company.

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

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

Your directors commend the resolution for adoption.

Resolution No.7

At the Annual General Meeting of the Company held on July 21, 2010, the shareholders had approved payment of commission to Mr. L Ganesh, Chairman, to the extent of 1% of the net profits of the Company for a period of 3 years with effect from April 1, 2009 to March 31, 2012.

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

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

Mr. L Ganesh is the Chairman of the Company since June 2007 and devotes substantial time and attention towards formulating new strategies to improve the performance and develop the business of the Company. The cost reduction and profit improvement measures formulated by him have benefited the Company. He has played a key role in establishing strong footprint in global markets and winning the coveted Deming award.

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

Mr. L Ganesh is concerned or interested in the resolution. Mr. L Lakshman being relative of Mr. L Ganesh, is deemed to be interested in the resolution.

None of the other directors are interested in the resolution.

Your directors commend the resolution for adoption.

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

G Karthikeyan
Secretary

Chennai
May 23, 2012

Rane Brake Lining Limited

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
Name of the director	Mr. L Lakshman	Mr. Koji Nishihara
Father's Name	Mr. L L Narayan	Mr. Isao Nishihara
Date of birth	July 17, 1946	April 14, 1958
Educational Qualifications	B.E., Executive MBA from London Business School	Faculty of Law, Sophia University
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Mr. Nishihara provides technical advice and support to the Company. He has over 28 years of Industrial experience.
Date of appointment	June 18, 2007	May 27, 2009
Other Directorships	<ol style="list-style-type: none"> 1. Rane Engine Valve Limited 2. Rane (Madras) Limited 3. Rane TRW Steering Systems Limited 4. Rane NSK Steering Systems Limited 5. Rane Holdings Limited 6. Kar Mobiles Limited 7. JMA Rane Marketing Limited 8. Force Motors Limited 9. DCM Engineering Limited 10. Automotive Stampings and Assemblies Limited 11. Tata AutoComp Systems Limited 12. SRF Limited 	<ol style="list-style-type: none"> 1. Nisshinbo Holdings Inc. 2. Nisshinbo Brake Inc. 3. Nisshinbo Automotive Manufacturing Inc. 4. Saeron Automotive Corp. 5. Nisshinbo Somboon Automotive Co. Ltd. 6. Nisshinbo Saeron Changshu Automotive Co. Ltd. 7. TMD Friction Group S.A.
Committee Memberships	<p>Chairman – Audit</p> <ol style="list-style-type: none"> 1. Rane TRW Steering Systems Limited 2. Rane NSK Steering Systems Limited <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Kar Mobiles Limited 2. Rane (Madras) Limited 3. Rane Engine Valve Limited 4. Automotive Stampings and Assemblies Limited 5. Tata AutoComp Systems Limited <p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. Rane Engine Valve Limited <p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 	
No. of Shares held	50	Nil

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

Chennai
May 23, 2012

G Karthikeyan
Secretary

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their seventh annual report together with the accounts for the year ended March 31, 2012.

1. Financial Performance:

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

(Rs. Crores)

Particulars	2011-12	2010-11
Sales and Operating Revenues	359.17	305.84
Other Income	4.35	2.48
Profit before tax	21.90	19.67
Provision for tax	5.71	4.38
Profit after tax	16.19	15.29
Surplus brought forward	25.27	16.13
Profit available for appropriation	41.46	31.42

The Sales and Operating Revenues grew by 17% over the previous year. The Profit before tax improved by 11% over the previous year. Earnings per share for the year 2011-12 was Rs. 20.45 as against Rs. 19.31 in the previous year.

2. Appropriation

Profit available for appropriation is Rs. 41.46 crores. The Directors have declared and paid interim dividend of 40% on the equity capital of the Company for the year ended March 31, 2012 and have recommended a further 30% as final dividend, making for a total dividend of 70% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs. 6.44 crores leaving the Company with retained profits of Rs. 35.02 crores. Out of this, Rs.1.62 crores is being transferred to the General Reserve and Rs. 33.40 crores being retained as surplus in the Profit and Loss Account.

3. Management Discussion and Analysis

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

4. Fixed Deposits

Deposits outstanding as on March 31, 2012 amounted to Rs.10.56 crores. All deposits that were matured during the year were repaid / renewed.

5. Board of Directors

Mr. L Lakshman and Mr. Koji Nishihara retire by rotation and being eligible, offer themselves for reappointment. The notice convening the ensuing Annual General Meeting includes the proposal for their re-appointment as directors.

6. Conservation of Energy

Your Company has been 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.

Energy conservation projects are rigorously undertaken by the Company. Energy efficient processes are widely used at different locations. Through energy conservation efforts, your Company saved up to 3,34,880 units of electricity during the year 2011-12.

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

8. Foreign Exchange Earnings and Outgo

Foreign exchange earned during 2011-12 was Rs. 20.51 crores and foreign exchange outgo was Rs. 69.14 crores.

The strategic initiatives are undertaken to increase export business in terms of Customers, Product and Geographical location by identifying new business opportunities.

9. Foreign Currency Loans

Statutory Auditors' observation on accounting treatment in respect of External Commercial Borrowings (ECBs), Buyers Credit (BC) and associated swap contracts.

The auditors' have in their report drawn attention to the accounting treatment in respect of ECBs, BC and associated swap contracts. This subject matter has been fully explained in note 5.6 in the financial statements. Your directors are of the view that the accounting treatment in this respect during the year and in the earlier years as well as in accordance with the substance of the transaction and as required by Accounting Standard – 1 issued by The Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standard) Rules, 2006.

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

10. Employees

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

11. Auditors

M/s Price Waterhouse & Co., (PWC) Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and have expressed that they are not seeking re-appointment. Your directors wish to place on record their appreciation for the services rendered by PWC, during their associations with the Company as Statutory Auditors since 2006.

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

The notice of the ensuing Annual General Meeting contains necessary resolution in this regard. Your directors recommend the appointment of M/s. Varma & Varma Chartered Accountants as Statutory Auditors.

12. Directors' Responsibility Statement

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

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

13. Corporate Social Responsibility (CSR)

The vision on Corporate Social Responsibility (CSR) is, **"To be socially and environmentally responsive organisation committed to improve quality of life within and outside"**. CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and educational trust, in the social and environmental spectrum. Your company firmly believes that participation of corporates is vital to achieve sustainable and equitable economic growth in India. The focus of Rane's social development initiatives has been in the three specific areas of (a) Education (b) Healthcare and (c) Community development.

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

- Contribution of funds towards establishment of Polytechnic College at Trichy by Rane Foundation by way of donation and interest-free loans.
- Contributions are also made through Rane Foundation and JACOB Memorial Trust towards providing basic and higher education to the deserving.
- Your company has instituted rural education initiatives through an initiative called "Shiksha".
- Your company has also taken other initiatives in health, education, environment and community development.

Specific activities undertaken by your Company are:

- Conducted blood donation camps and AIDS prevention and control programmes
- Organized anti-tobacco awareness campaigns
- Provided financial support and distributed food to destitutes and mentally challenged children at orphanages
- Organized reading programme for visually challenged
- Provided support to Self-Helping Groups (SHG) in women empowerment projects

14. Corporate Governance Report

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

For and on behalf of the Board

L. GANESH
Chairman

Chennai
May 23, 2012

HARISH LAKSHMAN
Director

Annexure A to Report of the Directors

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company is engaged in the manufacture and marketing of brake linings, disc pads, clutch facing, clutch buttons, brake shoes and railway brake blocks for passenger cars, utility vehicles, commercial vehicles, two wheelers and railways and as such operates in a single reportable business segment viz. components for the transportation industry.

Industry Structure, Developments and Performance

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

INDUSTRY GROWTH

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

	Volume Growth in %	
Vehicles	2011-12	2010-11
Passenger Cars	2	27
Utility Vehicles	17	17
Small Commercial Vehicles	27	36
Light Commercial Vehicles	28	22
Medium & Heavy Commercial Vehicles	11	38
Three Wheelers	10	29
Two Wheelers	16	27
Farm Tractors	12	22

Source: Society of Indian Automobile Manufacturers

Domestic Market

The sustained growth in the domestic market necessitated your Company to optimize and scale up the operations to meet customer demand. The Company was well prepared to meet the increase in demand and achieved an overall growth of 17%.

The break-up of the sales by product lines manufactured is given below:

	Rs. in crores		
Domestic Sales	2011-12	2010-11	Growth in %
Brake Linings	177.23	139.01	27
Disc Pads	127.01	113.25	12
Other Products	33.97	36.59	-7

OEM and Aftermarket segments

The OEM and aftermarket observed robust growth in the year 2011-12. The Company has met the continuing demand for the brake linings and disc pads from the OEM and aftermarket. The Company continues to be the market leader in the domestic market.

	Rs. in crores		
Market	2011-12	2010-11	Growth in %
OEM	187.30	159.57	17
Aftermarket	131.01	105.55	24

Exports

The overall economic activity marginally improved in the United States and parts of European Union in the year 2011. The aftermarket sales to emerging markets constituted a significant part of the export sales of the Company. The total export turnover was Rs. 20.02 crores, which is an increase of 25% over the previous year. The United States Dollar, the currency in which exports were made, gained substantially against the rupee and the rupee remained weak for most part of the year. The impact of exchange rate volatility and weak rupee was minimised with robust forex policy adopted by the Company.

Operational and Financial Performance

Financial Review:

In the year ended March 2012, the Company reported net sales of Rs. 358.23 crores, a growth of 18% over previous year with the Profit Before Tax of Rs. 21.90 crores, an increase of 11% over previous year. The sales from the new products generated 5.5% (i.e. Rs.19.50 Crores) of the revenues. The Company continued to focus on operational efficiencies to improve productivity and implemented cost control measures through innovative practices at the shop floor level in order to sustain growth and record profitability for the year under review. Impact of volatile foreign currency exchange rates and high interest costs were mitigated to some extent through effective hedging of foreign currency exposures and sourcing of low cost funds.

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

Operations and Manufacturing Review:

The Total Quality Management (TQM) is way of life at the Company and is embedded in its core organizational value. "**Customer delight through total quality**" is the prime motto of the Company. Excellence in quality is achieved through continuous quality improvement through TQM, Lean Production Systems (LPS), Total Productive Maintenance (TPM), Kaizens, QC story approach for problem solving, effective using of 7 QC tools, Poka-yoke and other relevant Statistical tools. The Company has recognised that active employee participation is the key to remain successful in TQM process. The Quality Circles and Cross Functional Teams (CFT) have helped to resolve issues pertaining to manufacturing and quality. The best employee suggestions and practices are shared across the functions. In the year under review, the number of suggestions received per employee improved resulting in generating an average of 2.53 projects compared to 2.08 projects in the previous year. Value Analysis (VA)/ Value Engineering (VE) techniques are rigorously practiced in the manufacturing process to achieve the desired cost structure. The awards and certifications received is a testimony for its eminence in manufacturing and quality. Some of them include:

- 1 Total Quality Management - Deming Application Prize from JUSE
- 2 Best Supplier Award from Major Original Equipment Customer for Direct Online performance, Technology implementation, New Product Development category, KANBAN implementation
- 3 Quality Control Circle - Excellent award - year on year
- 4 Quality Circle Forum of India - Best 5 S implementation
5. Single Minute Exchange of Dies completion – Par Excellence award
- 6 Confederation of Indian Industry – Quality Improvement Team – First prize at State level
- 7 Automotive Components Manufacturers Association of India – Energy cost reduction in dust collector – Kaizen first prize
- 8 International Quality Control Circle Convention – First prize

Outlook

The Company is cautiously optimistic about the stable growth in the automotive industry, especially in the passenger car and commercial vehicle markets. The

Company anticipates high demand in the asbestos-free range of products for the commercial vehicles in the OEM and across all vehicle groups in the aftermarket. The export of railway brake blocks to overseas markets and domestic requirement for higher life Electric Motor Unit (EMU) railway brake blocks are expected to grow. The Company is capable of scaling up the operations to fulfil volume commitments.

The Company is taking rigorous efforts to retain the market leadership. The Company has been conducting field performance study on the passenger cars to understand the requirements of customers' and develop customised products. The Company has embarked upon developing new formulations for OEM in the emerging markets. In addition, the Company is enhancing the "formulation library" that will minimise the time-to-market the products and remain upbeat on facing competition. In collaboration with the Nisshinbo Brakes Inc., Japan, the Company has developed the best state-of-the-art disc pad technologies for applications in new generation vehicles.

The Company has taken incessant efforts to increase the profitability. The effective supply chain management has enabled efficient delivery schedules. The strengthening of formulation development and testing facilities will add distinct competitive advantage to the Company.

The concerns of liquidity, high inflation, weak rupee, volatile oil price and high interest rate may negatively affect the growth sentiments of the auto industry. The Company is well placed to evaluate these conditions and to address any specific issue affecting the growth.

Opportunities and Threats

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

The Company's strength continues in areas of:-

- 1 Market Leadership
- 1 Brand Equity
- 1 Human Resources
- 1 Total Quality Management (TQM) practices
- 1 Ability to scale up operations

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

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

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

Internal Control Systems and Risk Management

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

During the year, the Company revisited the risks associated with each of the business processes and the sub-processes. The risks are broadly classified into strategic risks, operational risks, financial risks and statutory compliance risks. These risks are rated based on factors such as past year experience, probability of occurrence, probability of non-detection and its impact on business. Every quarter the top management reviews the strategic risks, the risks with high probability and high impact and presents its report to the Board of Directors

together with the risk mitigation plan on half-yearly basis. The strategic risks are taken into consideration in the annual planning processes. Other risks are covered as part of internal audit process and presented to the Audit Committee every quarter. The risk ratings are revalidated with the top management as part of the internal audit process every quarter. The overall re-assessment of risks at company level is carried out and presented to the Board once in two years for their review.

Human Resource Development and Industrial Relations

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

As part of your Company's four-level Professional Development Architecture (PDA), the first batch of Rane Emerging Managers Program (REMP) was launched during November 2011 for high potential individuals to groom them for future. Aspiring to become an employer of choice, the Company is implementing various initiatives focusing on delivering its Employer Brand Promise of challenging assignments, encouraging learning and enhancing career opportunities.

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

As at the end of March 31, 2012, the total number of employees stood at 935.

Cautionary Statement

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

Annexure B to Report of the Directors

FORM B

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

Research and Development (R & D) Activities

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

The Company has been actively engaged in developing new friction materials to meet emerging OEM customer requirements on quality and cost effectiveness. Significant progress made towards improving cost-competitiveness and improve time to market by using effectively and enhancing 'Formulation Library'. Development of new grades pro-actively is also a new approach taken.

Focus areas are higher life product for EMU Rail coach brake blocks, cost effective disc pad for after-market PC and UV segment. Cost effective asbestos-free brake linings for LCV markets to improve market share. Joint development with Nisshinbo is taken up on cost effective high performance type Disc pad product for OEM's with maximum localization of raw materials.

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. R&D is also focusing on alternate / green materials development for performance and cost factors in collaboration with global suppliers.

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 and utility vehicle segment helped the Company to add new product platforms of the customers and offer competitive technical alternatives to our competitor products including imports.

Company also developed new asbestos-free friction materials for domestic commercial vehicle and Global OEM customers starting operations in India 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 specialised training to all Testing Engineers.

New friction materials for commercial vehicle brake pads developed and tested to support Company's strategic efforts to increase revenues from the product segment. Continuous efforts are made to test and validate cost-effective economy segment disc pads for Exports after-market to compete with Chinese products. Field tests for evaluation are under progress.

4. Expenditure on R&D

Rs. Crores

Particulars	2011-12	2010-11
A Capex	0.41	0.31
B Recurring	4.84	5.53
C Total	5.25	5.84
D Total R & D expenses as a percentage of total turnover	1.46%	1.91%

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 and overseas. The Company has been continuously benchmarking with JV Partner and similar industries towards absorbing best practices and continuous improvements in Product / Process Quality and Productivity areas. The Company has invested in new manufacturing technologies for disc pads and brake linings for Passenger cars / Utility vehicles to enhance product quality. The plants have continuously benchmarked and improved on the manufacturing systems. 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

HARISH LAKSHMAN
Director

Chennai
May 23, 2012

Rane Brake Lining Limited

Annexure C to Report of the Directors

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

Sl No	Name	Age	Designation / Nature of Duties	Date of Commencement of employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of Last Employment
1	P S Rao	60	President	12.04.2001	66,26,354	M.Tech	37	Vice-President (Operations) Rane (Madras) Limited

- Notes :**
1. Remuneration as shown above includes salary, house rent and other allowances, contribution to provident and other funds and perquisites evaluated as per Income Tax Rules.
 2. The services of Mr. P S Rao is contractual in nature.
 3. Mr. P S Rao is not related to any director.
 4. No employee of the Company is covered by the provision of Section 217(2A) (a) (iii) of the Companies Act, 1956.

For and on behalf of the Board

L. GANESH
Chairman

Place : Chennai
Date : May 23, 2012

HARISH LAKSHMAN
Director

Annexure D to Report of the Directors

CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

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

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

2. Board of Directors

The Board of the Company consists of Eight Non-Executive Directors. The composition of 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, 2012 have been made by the Directors.

The Board met Five (5) times during the financial year on May 23, 2011, July 22, 2011, October 20, 2011, January 25, 2012 and March 26, 2012. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them 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 *	Non-Executive & Promoter	4	Yes	1	11	4	6
Mr. L Ganesh	Non-Executive & Promoter	4	Yes	6	4	2	7
Mr. Harish Lakshman	Non-Executive & Promoter	5	Yes	-	7	2	2
Mr. S A Murali Prasad	Independent and Non-Executive	5	Yes	-	-	-	1
Mr. S Sandilya	-do-	5	Yes	2	2	3	4
Mr. Anil Kumar V Epur	-do-	5	Yes	-	1	1	1
Mr. Suresh Chandra Gupta	-do-	5	Yes	-	-	-	1
Mr. Koji Nishihara (Nominee of Nisshinbo Holdings Inc.)	Non-Executive	1	No	-	-	-	-

* Manager under the Companies Act, 1956 till March 31, 2012

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. Reviewing the internal audit reports relating to internal control weaknesses, if any.
11. Management discussion and analysis of financial condition and results of operation.

The composition of audit committee is as follows:

Mr. S Sandilya	Chairman	Independent Director
Mr. Suresh Chandra 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 (4) times during the year May 23, 2011, July 22, 2011, October 20, 2011 and January 25, 2012.

Name of the Director	No. of Meetings Attended
Mr. S Sandilya	4
Mr. Suresh Chandra Gupta	4
Mr. S A Murali Prasad	4
Mr. L Ganesh	3

The statutory auditors and the internal auditors were present as invitees in all the meetings. The President and the General Manager - 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, Director held the office of 'Manager' of the company under the Companies Act, 1956, upto March 31, 2012 without payment of any remuneration.

At the Board meeting held on March 26, 2012, Mr. P S Rao, President, has been appointed as 'Manager' under the Companies Act, 1956 in the vacancy caused due to the expiry of the term of office of Mr. L Lakshman as Manager. Mr. P S Rao appointment is for a period of two years, effective April 1, 2012, subject to the approval of shareholders

Corporate Governance (Contd.)

at the ensuing Annual General Meeting. Mr. P S Rao would be paid remuneration in terms of Section 198, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956. There is no severance fee payable to the Manager.

During the year 2011-12, the company has paid sitting fee of Rs.20,000 per meeting to the 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. Mr. L Lakshman and Mr. L Ganesh do not receive sitting fees for attending the meeting of the board or other committees of the board. The Company does not have any stock option scheme.

The details of sitting fees paid to the directors, their relationship and shareholding in the Company for the year ended March 31, 2012 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	180,000
Mr. Anil Kumar V Epur	110,000
Mr. Harish Lakshman	112,500
Mr. Koji Nishihara	20,000

Mr. L Ganesh is paid remuneration by way of commission not exceeding one percent (1%) of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 with effect from April 1, 2009 for a period of three years, in accordance with the approval of shareholders vide special resolution passed at the annual general meeting held on July 21, 2010. Commission payable to Mr. L Ganesh for the year 2011-12 is Rs.22,18,827/-.

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

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 holds 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, Secretary, is the Compliance Officer of the Company.

The Committee met four (4) times during the year on May 23, 2011, July 22, 2011, October 20, 2011 and January 25, 2012.

Name of the Director	No. of Meetings Attended
Mr. Harish Lakshman	4
Mr. L Ganesh	3
Mr. Anil Kumar V Epur	4

Corporate Governance (Contd.)

During the year, the Company received 8 complaints from the investors and all of them were disposed off. The complaints pertain to non-receipt of share certificates and non-receipt of dividend warrant. One of the above mentioned complaints, was received twice, both from National Stock Exchange of India Limited and SEBI Complaints Redress System (SCORES), a web based portal administered by SEBI for addressing investor complaints. Action taken report as required under SCORES has been duly submitted. During the year, no complaint was received from 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 22, 2011 (Sixth AGM)	No Special resolution was passed	10.15 A.M	Narada Gana Sabha (Main Hall), No.314, TTK Road, Chennai 600 018
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

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

8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions as stated in Note 44 of the financial statements have been reviewed by the Audit Committee.

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

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

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

- i. maintaining an office for the Chairman at the registered office of the Company.
- ii. individual communication of half-yearly results to shareholders.

No remuneration committee meeting was required to be held during the year.

The Company has not adopted a formal Whistle Blower Policy. However, as part of the 'Great Place To Work' initiatives, the Company permits access to its employees to approach the top management on any critical issues.

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

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

9. Means of communication

The quarterly / annual financial results were published in "Business Standard" (English) and "Dinamani" (Tamil). The financial results and the shareholding pattern were uploaded in the 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.

Corporate Governance (Contd.)

10. General Shareholder Information

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

Name of the Director	Mr. L Lakshman	Mr. Koji Nishihara
Father's Name	Mr. L L Narayan	Mr. Isao Nishihara
Date of Birth	July 17, 1946	April 14, 1958
Educational Qualifications	B.E., Executive MBA from London Business School	Faculty of Law, Sophia University
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Mr. Koji Nishihara is currently the Director of NISB, Japan. He provides technical advice and support to the Company. He has over 28 years of industrial experience.
Date of Appointment	June 18, 2007	May 27, 2009
Other Directorships	<ol style="list-style-type: none"> 1. Rane Engine Valve Limited 2. Rane (Madras) Limited 3. Rane TRW Steering Systems Limited 4. Rane NSK Steering Systems Limited 5. Rane Holdings Limited 6. Kar Mobiles Limited 7. JMA Rane Marketing Limited 8. Force Motors Limited 9. DCM Engineering Limited 10. Automotive Stampings and Assemblies Limited 11. Tata AutoComp Systems Limited 12. SRF Limited. 	<ol style="list-style-type: none"> 1. Nisshinbo Holdings Inc. 2. Nisshinbo Brake Inc. 3. Nisshinbo Automotive Manufacturing Inc. 4. Saeron Automotive Corp. 5. Nisshinbo Somboon Automotive Co. Ltd. 6. Nisshinbo Saeron Changshu Automotive Co. Ltd. 7. TMD Friction Group S.A.
Committee Memberships	<p>Chairman - Audit</p> <ol style="list-style-type: none"> 1. Rane TRW Steering Systems Limited 2. Rane NSK Steering Systems Limited <p>Member – Audit</p> <ol style="list-style-type: none"> 1. Kar Mobiles Limited 2. Rane (Madras) Limited 3. Rane Engine Valve Limited 4. Automotive Stampings and Assemblies Limited 5. Tata AutoComp Systems Limited <p>Chairman – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane (Madras) Limited 2. Rane Engine Valve Limited <p>Member – Investors' Service</p> <ol style="list-style-type: none"> 1. Rane Holdings Limited 	NIL
Number of shares held	50	NIL

Corporate Governance (Contd.)

ii. Annual General Meeting :

July 13, 2012 at 10.15 a.m.

The Music Academy (Mini Hall)

New No.168, T T K Road

Royapettah, Chennai 600 014

iii. Financial Year: 1st April - 31st March

Financial Calendar :

Board Meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2012	May 23, 2012
Un-audited results for the 1 st quarter ending June 30, 2012	July 20, 2012
Un-audited results for the 2 nd quarter ending September 30, 2012	October 22, 2012
Un-audited results for the 3 rd quarter ending December 31, 2012	January 22, 2013
Annual Accounts for the year ending March 31, 2013	By last week of May 2013

iv. Book Closure & Dividend:

The book closure period is from **July 7, 2012** (Saturday) to **July 13, 2012** (Friday), both days inclusive.

Dividend:

During the year, the Board of Directors declared an interim dividend of Rs.4/- per equity share and the same was paid on February 10, 2012 to all eligible shareholders whose name appeared in the Register of Members of the Company on February 7, 2012.

The Board of directors at its meeting held on May 23, 2012, has recommended a final dividend of Rs.3/- per equity share. The dividend, if declared by the shareholders, will be paid on July 19, 2012 to all those members whose name

appears in the Register of Members as on July 13, 2012 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 6, 2012.

v. Listing on Stock Exchanges:

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

Listing Fee: Annual Listing fees for the financial year 2012-13 have been paid to all the stock exchanges where the shares of the Company are listed.

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.1,24,540 to IEPF, towards the unclaimed interim dividend for the financial year ended March 31, 2005.

Corporate Governance (Contd.)

The Company has sent reminder letters to each of the shareholder whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed 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 31.03.2012) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2005	22.07.2005	3.00	95,274	26.08.2012	24.09.2012
31.03.2006 *	23.01.2006	4.00	1,28,484	26.02.2013	27.03.2013
31.03.2006	26.07.2006	3.00	87,672	29.08.2013	27.09.2013
31.03.2007 *	23.01.2007	4.00	1,51,656	27.02.2014	28.03.2014
31.03.2007 *	22.03.2007	3.00	1,03,362	25.04.2014	24.05.2014
31.03.2008	22.07.2008	4.00	1,28,816	25.08.2015	23.09.2015
31.03.2009	20.07.2009	2.00	76,918	24.08.2016	22.09.2016
31.03.2010 *	21.01.2010	1.50	1,19,085	25.02.2017	26.03.2017
31.03.2010	21.07.2010	3.00	1,37,808	25.08.2017	23.09.2017
31.03.2011 *	25.01.2011	3.00	1,25,874	01.03.2018	30.03.2018
31.03.2011	22.07.2011	2.00	88,394	26.08.2018	24.09.2018
31.03.2012 *	25.01.2012	4.00	2,04,984	28.02.2019	29.03.2019

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

* - Interim dividend

vii. Share Price Data :

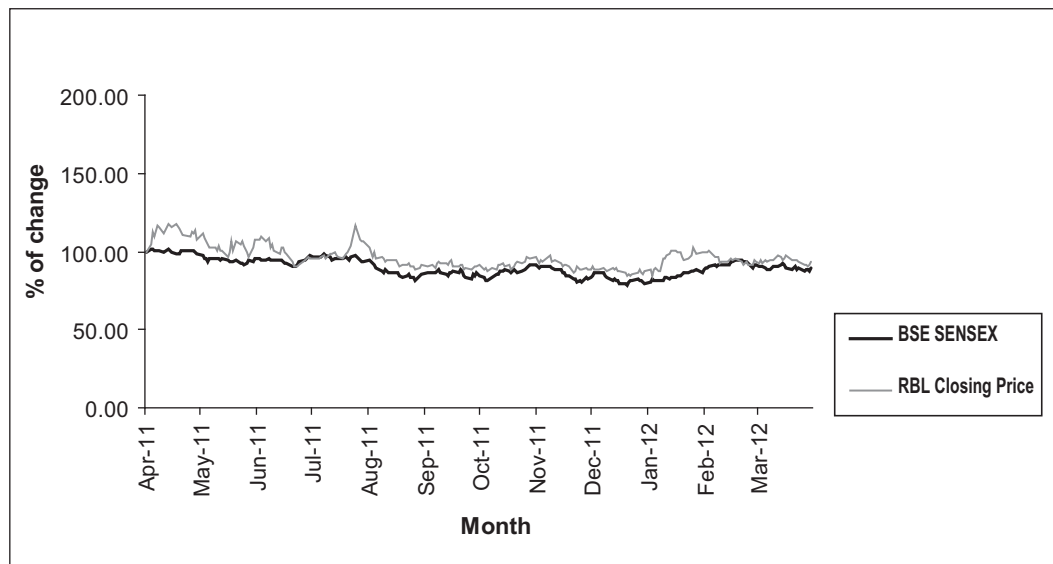
There has been no trading in Madras Stock Exchange Limited. The share price data (based on closing price) as quoted on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd during the last financial year viz., April 1, 2011 - March 31, 2012 is given below :

Month	National Stock Exchange of India Ltd (NSE)		Bombay Stock Exchange Ltd (BSE)	
	Share Prices (Rs.)		Share Prices (Rs.)	
	High	Low	High	Low
April 2011	140.40	122.45	140.95	120.00
May 2011	136.90	115.80	134.00	115.25
June 2011	129.80	106.25	131.00	108.90
July 2011	138.95	113.80	139.85	114.00
August 2011	122.90	106.20	123.50	106.65
September 2011	114.95	104.55	113.40	106.45
October 2011	114.35	103.85	115.75	105.05
November 2011	114.95	104.00	116.75	104.10
December 2011	109.40	100.45	107.95	101.35
January 2012	123.00	104.20	123.00	101.55
February 2012	121.90	109.20	120.20	109.30
March 2012	116.40	108.00	116.95	108.95

Source : www.bseindia.com & www.nseindia.com

Corporate Governance (Contd.)

Performance of share price of the Company vs. BSE Sensex:



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

viii. Registrar and Transfer Agents

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

Integrated Enterprises (India) Ltd.,
II Floor, 'Kences Towers',
No.1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai - 600 017.
Phone: 28140801 - 03,
Fax: 28142479, 28143378.
e-mail: corpseiv@ieplndia.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.

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

Corporate Governance (Contd.)

x. Distribution of shareholding as on March 31, 2012

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	5,602	91.30	6,05,923	7.65
501 - 1000	232	3.78	1,78,635	2.26
1001 - 2000	118	1.92	1,76,244	2.23
2001 - 5000	111	1.81	3,50,391	4.43
5001 - 10000	36	0.59	2,69,581	3.41
10001 - 20000	19	0.31	2,74,906	3.47
20001 - 50000	14	0.23	4,00,810	5.06
50001 & above	4	0.06	56,58,490	71.49
Total	6,136	100.00	79,14,980	100.00

xi. Pattern of shareholding as on March 31, 2012

Sl. No.	Category	No. of Shareholders	No. of shares	% to total Capital
A	Promoters	12	49,07,812	62.01
B	Mutual Funds & UTI	1	200	0.00
C	Banks, Financial Institutions & Insurance Companies	7	7,71,843	9.75
D	Private Bodies Corporate	135	1,13,526	1.44
E	Indian Public and others	5,912	21,10,311	26.66
F	Non-Resident Indians	69	1,12,88	0.14
	Total	6,136	79,14,980	100.00

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, 2012, about 96.26% 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 of conditions of Corporate Governance by **Rane Brake Lining Limited**, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in 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 of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

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

Subramanian Vivek
Partner

Membership Number : 100332

Place : Chennai
Date : May 23, 2012

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, 2012.

Chennai
May 23, 2012

P S Rao
Manager

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, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

at the rates prevailing on March 31, 2012, the reported 'Profit for the year would have been lower by Rs.46,287,793, Reserves and Surplus would have been lower by Rs.46,287,793 and the reported Earnings per share for the year ended March 31, 2012 (including and excluding extraordinary items) would have been lower by Rs.5.85 per share and Term Loan (including repayable within one year under Other Current Liabilities) as at March 31, 2012 would have been higher by Rs. 46,287,793.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. *Long term foreign currency monetary liability aggregating 10,951,645 USD is being stated at Rs. 512,027,070 at previously reported exchange rates as per the related currency swap agreements instead of being reinstated at the exchange rates prevailing at the year end as required by Accounting Standard (AS) 11 The Effects of Changes in Foreign Exchange Rates resulting in non recognition of exchange differences arising there from in the Statement of profit and loss. Had the aforesaid foreign currency monetary liability been reinstated as*
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, *except for the effect of the matter referred in paragraph 4 above* proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) *Except for the effect of the matter referred in paragraph 4 above*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, *except for the effect of the matter referred*

AUDITORS' REPORT (contd.)

in paragraph 4 above, give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2012;

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

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

Place: Chennai
Date : May 23, 2012

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

Subramanian Vivek
Partner
Membership Number : 100332

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 as of and for the year ended March 31, 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory excluding stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has granted interest free unsecured loans, to one 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 loans aggregated to Rs.7, 500,000 and Rs.7, 500,000, respectively.
(b) In our opinion, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) No amount is due for repayment in respect of the above loan as at the balance sheet date.
- (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
5. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion, and according to the information and explanations given to us, in respect of the transactions made in pursuance to contracts and arrangements that exceeds in the value of Rupees Five Lakhs in respect of certain parties during the year, no comparable market prices are available as the related goods/ services are proprietary in nature.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

ANNEXURE TO THE AUDITORS' REPORT (contd.)

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is

generally regular in depositing the 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 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty as at March 31, 2012, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax (including interest and penalty)	24,09,774	August 2002 to March 2004	Customs, Excise And Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service Tax (including interest and penalty)	16,69,756	September 2004 to September 2006	Customs, Excise And Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service Tax (including interest and penalty)	74,10,847	May 2008 to September 2008	Commissioner of Central Excise (Appeals), Chennai
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	91,875	April 2007 to June 2007	Joint Commissioner (Appeal), Kanpur
Central Sales Tax Act, 1956	Sales Tax	2,84,999	April 2004 to March 2005	Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Sales Tax	7,63,347	April 2005 to March 2006	The Appellate Deputy Commissioner of Commercial Taxes, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	4,41,711	April 2006 to March 2010	The Appellate Deputy Commissioner of Commercial Taxes, Hyderabad
Central Excise Act, 1944	Excise Duty	1,52,816	April 2003 to March 2004	Commissioner of Central Excise (Appeals), Chennai
Central Excise Act, 1944	Excise Duty (including interest and penalty)	61,75,344	April 2001 to March 2005	Customs, Excise And Service Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income Tax	95,94,808	April 1998 to March 1999	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	45,58,320	April 2000 to March 2001	Commissioner of Income Tax (Appeals), Chennai

ANNEXURE TO THE AUDITORS' REPORT (contd.)

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	25,42,902	April 2001 to March 2002	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	1,74,517	April 2003 to March 2004	High Court of Judicature, Madras
Income Tax Act, 1961	Income Tax	9,32,61,694	April 2004 to March 2005	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	16,66,627	April 2005 to March 2006	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	39,73,384	April 2006 to March 2007	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	1,30,33,140	April 2007 to March 2008	Commissioner of Income Tax (Appeals), Chennai

10. The Company has no accumulated losses.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained having regard to the explanation that certain loan funds were temporarily placed in short term fixed deposits pending utilisation for the stated purpose.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Subramanian Vivek
Partner

Place: Chennai
Date : May 23, 2012 Membership Number : 100332

Rane Brake Lining Limited

BALANCE SHEET AS AT 31 MARCH 2012

(Rupees in Crores)

Particulars	Note	As at 31 March 2012	As at 31 March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	7.91	7.91
(b) Reserves and Surplus	4	88.68	78.93
(2) Non-current Liabilities			
(a) Long-term borrowings	5	47.68	37.77
(b) Deferred tax liabilities (Net)	6	9.37	8.32
(c) Other Long term liabilities	7	0.21	0.16
(d) Long term provisions	8	0.74	0.54
(3) Current Liabilities			
(a) Short-term borrowings	9	15.89	16.47
(b) Trade payables	10	25.73	16.81
(c) Other current liabilities	11	48.50	35.46
(d) Short-term provisions	12	7.03	4.48
Total		251.74	206.85
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	121.17	103.31
(ii) Intangible assets	14	0.13	0.09
(iii) Capital work-in-progress		2.68	4.89
(b) Long term loans and advances	15	8.00	6.09
(c) Other non-current assets	16	0.91	0.76
(2) Current assets			
(a) Inventories	17	28.20	24.76
(b) Trade receivables	18	69.47	61.88
(c) Cash and Bank balances	19	10.65	1.67
(d) Short-term loans and advances	20	8.05	3.23
(e) Other current assets	21	2.48	0.17
Total		251.74	206.85

The Notes are an integral part of these financial statements.

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

For and on behalf of the Board

For **Price Waterhouse & Co.**

Firm Registration Number : 007567S

Chartered Accountants

Subramanian Vivek

Partner

(Membership No. 100332)

Place : Chennai

Date : May 23, 2012

P S RAO

Manager

G KARTHIKEYAN

Secretary

L GANESH

Chairman

L LAKSHMAN

Director

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

(Rupees in Crores)

Particulars	Note	Year ended 31 March 2012	Year ended 31 March 2011
I. Revenue from Operations (Gross)	25	398.99	339.35
Less: Excise Duty		39.82	33.51
Revenue from Operations (net)		359.17	305.84
II. Other Income	26	4.35	2.48
III. Total Revenue (I + II)		363.52	308.32
IV. Expenses:-			
Cost of materials consumed	27	189.39	156.91
Purchase of Stock-in-trade		0.50	0.62
Changes in inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	28	(1.49)	(0.03)
Employee benefits expense	29	46.15	38.77
Finance costs	30	6.76	4.42
Depreciation and amortisation expense	31	15.10	12.40
Other expenses	32	85.21	75.56
Total Expenses		341.62	288.65
V. Profit before exceptional and extraordinary items and tax (III - IV)		21.90	19.67
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		21.90	19.67
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		21.90	19.67
X. Tax Expense:			
(1) Current Tax (MAT)			
- For the Current Year		4.57	4.05
- Relating to the earlier year		0.46	-
(2) Deferred Tax		1.05	0.33
(3) Minimum Alternative Tax (Credit)		(0.37)	-
XI. Profit / (Loss) for the period from continuing operations (IX - X)		16.19	15.29
XII. Profit / (Loss) for the period from discontinuing operations		-	-
XIII. Net Loss from disposal of assets and liabilities of discontinuing operations		-	-
XIV. Tax Expense of discontinuing operations		-	-
XV. Profit / (Loss) from discontinuing operations (XIII - XIV)		-	-
XVI. Profit / (Loss) for the year (XI + XV)		16.19	15.29
XVII. Earning per equity share: {Nominal Value per share: Rs.10 (2011:Rs.10)}			
Basic (including extraordinary items)		20.45	19.31
Diluted (including extraordinary items)		20.45	19.31
Basic (excluding extraordinary items, net of tax expense)		20.45	19.31
Diluted (excluding extraordinary items, net of tax expense)		20.45	19.31

The Notes are an integral part of these financial statements.

This is the statement of Profit and Loss 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

Subramanian Vivek

Partner

(Membership No. 100332)

Place : Chennai

Date : May 23, 2012

P S RAO

Manager

G KARTHIKEYAN

Secretary

L GANESH

Chairman

L LAKSHMAN

Director

Rane Brake Lining Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Rupees in Crores)

Particulars		Year ended 31 March 2012	Year ended 31 March 2011
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	21.90	19.67
	Adjustment for:		
	Depreciation/Amortisation	15.10	12.40
	Interest Charges	6.09	4.16
	Profit on tangible Assets sold*	(0.00)	(0.05)
	Dividend Income	-	(0.03)
	Interest income from deposits	(0.53)	(0.12)
	Operating profit before Working Capital Changes	42.56	36.03
	Changes in working capital:		
	(Increase)/Decrease in Inventories	(3.44)	(7.80)
	(Increase)/Decrease in Trade Receivables	(7.54)	(13.24)
	(Increase)/Decrease in Loans and Advances	(6.22)	(0.02)
	(Increase)/Decrease in Other Current Assets	(2.08)	0.01
	Increase /(Decrease) in Trade and other payables	12.76	7.35
	Cash generated from operations	36.04	22.33
	Income Taxes Paid (Net of refunds)	(5.20)	(6.06)
	Net Cash generated from Operating Activities	30.84	16.27
(B)	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of tangible/intangible Assets	(30.90)	(30.85)
	Sale proceeds of tangible/intangible assets	0.11	0.35
	Purchase of Current Investments	-	(4.50)
	Sale of Current Investments	-	7.00
	Interest received	0.30	0.07
	Dividend received	-	0.04
	Net Cash used in Investing Activities	(30.49)	(27.89)
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase / (Decrease) in long term loans (net)	21.61	11.81
	Proceeds from A.P Government Sales tax deferral Scheme	0.58	0.53
	Increase / (Decrease) in Fixed Deposits	(1.81)	0.33
	Proceeds from / (Repayment) of Short term loans	(9.97)	3.97
	Net increase in Cash credit and Packing credit	9.38	3.07
	Dividend and Dividend tax paid	(5.52)	(4.15)
	Interest paid	(5.45)	(3.91)
	Net Cash from Financing Activities	8.82	11.65
	Net Increase in Cash and Cash Equivalents (A + B + C)	9.17	0.03
(D)	Cash and Cash Equivalents At the Beginning of the Year	2.27	2.24
(E)	Cash and Cash Equivalents At the End of the Year	11.44	2.27

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012 (contd.)
(Rupees in Crores)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Note: Cash and Cash Equivalents comprise of:		
Cash on hand	0.01	0.02
Cheques on hand	-	0.02
Bank Balances**	1.04	1.15
Demand deposits (less than 3 months maturity)**	8.80	0.15
Long term deposit with maturity more than 3 months but less than 12 months	0.80	0.33
Long term deposits with maturity more than 12 months	0.62	0.42
Unpaid dividend account	0.14	0.13
Interest Warrant Account	0.03	0.05
Margin money deposit	0.00	-
	11.44	2.27
** Includes the following balances which are not available for use by the company		
Unpaid dividend account	0.14	0.13
Interest Warrant Account	0.03	0.05
Deposits maintained as per Section 3A of Companies Acceptance of Deposits Rules, 1975 for maintenance of liquid assets	0.45	0.15

This is the Cash Flow Statement referred to in our report of even date
For **Price Waterhouse & Co.**
Firm Registration Number : 007567S
Chartered Accountants

For and on behalf of the Board

Subramanian Vivek
Partner
(Membership No. 100332)

L GANESH
Chairman

Place : Chennai
Date : May 23, 2012

P S RAO
Manager

G KARTHIKEYAN
Secretary

L LAKSHMAN
Director

NOTES FORMING PART OF THE ACCOUNTS

1. General Information

Rane Brake Lining Limited (The "Company") is engaged in manufacture of brake linings, disc pads, clutch facings, clutch buttons, brake shoes and railway brake blocks and as such operates in a single reportable business segment of 'components for transportation industry'. The Company is having four manufacturing facilities at Chennai, Hyderabad, Puducherry and Trichy. The Company is a Public Limited Company and listed on The Madras Stock Exchange Limited, Chennai, Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

2. Summary of Significant accounting policies

2.1 Basis of Preparation

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 under Section 211(3C) (Companies (Accounting Standards) Rules, 2006, as amended) and with the other relevant provisions of the Companies Act, 1956.

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

2.2 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.

2.3 Fixed Assets

(i) Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets, which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on tangible assets is provided on a pro-rata basis on the straight-line method over the useful lives of the assets or at the rates prescribed under Schedule XIV of the Companies Act, 1956, which ever is higher, which are depreciated at the rates indicated below.

Assets	Rates
Vehicles	20.00%
Furniture and Fixtures	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.

NOTES FORMING PART OF THE ACCOUNTS (contd.)

Assets individually costing Rs.10,000 or less are depreciated at the rate of 100%. Software license fee is amortised over a period of three years.

(ii) Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful life as given below.

Assets	Rate
Software licence	33.33%

2.4 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.5 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the moving weighted average basis. Goods in transit are valued at cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.6 Foreign Currency Transaction

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

NOTES FORMING PART OF THE ACCOUNTS (contd.)

2.7 Revenue Recognition

Revenue from sales is recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties.

2.8 Other Income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend: Dividend income is recognised when the right to receive dividend is established.

2.9 Employee Benefits

Provident Fund

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation Fund

This is a defined contribution Plan. The company contributes sum equivalent to 0%, 5%,10% and 15% of the eligible 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.

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") administered by LIC covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year and are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year and are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

NOTES FORMING PART OF THE ACCOUNTS (contd.)**2.10 Current and deferred tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant prevailing tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.11 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.12 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting equity dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
3	Share Capital		
3.1	Authorised		
	1,00,00,000 (March 31, 2011 : 1,00,00,000) equity shares of Rs.10 each	10.00	10.00
	Issued		
	79,14,980 (March 31, 2011 : 79,14,980) equity shares of Rs.10 each	7.91	7.91
	Subscribed and paid up		
	79,14,980 (March 31, 2011 : 79,14,980) equity shares of Rs.10 each	7.91	7.91
3.2	Reconciliation of number of shares		
	Equity Shares		
	Balance as at the beginning of the year		
	Number of Shares	79,14,980	79,14,980
	Value of shares (Rupees in Crores)	7.91	7.91
	Balance as at the end of the year		
	Number of Shares	79,14,980	79,14,980
	Value of shares (Rupees in Crores)	7.91	7.91
3.3	Rights, preferences and restrictions attached to Shares		
	Equity Shares : The Company has one class of equity shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their share holding.		
3.4	Shares held by holding company and subsidiary company of holding company		
	Equity Shares in Rs. Crores		
	32,92,713 shares (March 31, 2011: 32,92,713 shares) held by Rane Holdings Limited, the Holding Company	3.29	3.29

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
3.5	Details of shares held by shareholders holding more than 5% of the aggregate shares in the company		
	Equity Shares in Numbers		
	Rane Holdings Limited	32,92,713 (41.60%)	32,92,713 (41.60%)
	Nisshinbo Holdings Inc	15,95,249 (20.15%)	15,95,249 (20.15%)
	United India Insurance Company	4,79,030 (6.05%)	4,79,030 (6.05%)
3.6	Shares allotted as fully paid up pursuant to contract (s) without payment being received in cash (during 5 years immediately preceding March 31, 2012)		
	72,14,980 equity shares of Rs.10/- each allotted as fully paid up to the erstwhile shareholders of Rane Brake Linings Limited pursuant to the scheme of Demerger, Merger and Amalgamation between the companies, Rane Engine Valves Limited, Rane Brake Linings Limited, Techons Limited and Rane Holdings Limited on April 1, 2007		
4	Reserves and Surplus		
4.1	General Reserve		
	Balance as at the beginning of the year	50.86	49.31
	Add : Transferred from surplus in statement of Profit and Loss during the year	1.62	1.55
	Balance as at the end of the year	52.48	50.86
4.2	Securities Premium Account		
	Balance as at the beginning of the year	2.80	2.80
	Balance as at the end of the year	2.80	2.80
4.3	Surplus in statement of Profit and Loss		
	Balance as at the beginning of the year	25.27	16.13
	Profit for the year	16.19	15.29
	Less : Appropriations		
	Interim dividend on the Equity Shares for the year	3.17	2.37
	Dividend distribution tax on Interim dividend on Equity Shares	0.51	0.39
	Proposed dividend on the Equity Shares for the year	2.37	1.58
	Dividend distribution tax on proposed dividend on Equity Shares	0.39	0.26
	Transfer to General Reserve	1.62	1.55
	Balance as at the end of the year	33.40	25.27
		88.68	78.93

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
5	Long - term borrowings		
5.1	Secured		
	Term Loans		
	From a Bank	-	0.47
	Foreign Currency Loans from Banks	39.27	22.57
		<u>39.27</u>	<u>23.04</u>
5.2	Unsecured		
	Fixed Deposits (Refer Note 5.5)	2.66	9.39
	Deferred Sales Tax Loan	5.75	5.34
		<u>8.41</u>	<u>14.73</u>
		<u>47.68</u>	<u>37.77</u>

5.3 Nature of Security and terms of repayment for secured borrowings

Nature of Security

- i. Term loan from a Bank (including repayable within one year classified in Schedule 11 other current liabilities) amounting to Rs. 0.47 Crores (March 31, 2011 : Rs. 1.09 Crores) are secured on a first paripasu hypothecation on all movable Fixed assets of the Company
- ii. Term loan from a Bank (including repayable within one year classified in Schedule 11 other current liabilities) amounting to Rs. 5.93 Crores (March 31, 2011 : Rs. 9.95 Crores) are secured on a first paripasu hypothecation on all movable Fixed assets of the company.
- iii. Term loan from a Bank (including repayable within one year classified in Schedule 11 other current liabilities) amounting to Rs. 16.64 Crores (March 31, 2011 : Rs. 19.02 Crores) are secured by way of first paripasu charge on all present and future movable fixed assets of the company. It is also additionally secured by way of mortgage of immovable properties of the company situated at Ambattur Industrial Estate, Tamilnadu and at Pregnapur village, Medak district, Andhra Pradesh.
- iv. Term loan from a Bank (including repayable within one year classified in Schedule 11 other current liabilities) amounting to Rs. 4.08 Crores (March 31, 2011 : Rs. Nil) are secured by way of hypothecation and as sole charge on the Plant & Machinery both present and future situated at Trichy Plant.
- v. Term loan from a Bank (including repayable within one year classified in Schedule 11 other current liabilities) amounting to Rs. 24.55 Crores (March 31, 2011 : Rs. Nil) are secured by way of first paripasu charge on all the present and future movable fixed assets of the Company.

Terms of Repayment

- Repayable in 16 equal quarterly instalments from the date of the loan (February 27, 2009) along with interest rate of 11.8%
- Repayable in 16 equal quarterly instalments from the date of the loan (November 26, 2009) along with interest rate of 10.62%
- Repayable in 16 equal quarterly instalments from the date of the loan (December 28, 2011) along with interest rate of 8.0%
- Repayable in 12 equal quarterly instalments from the date of the loan (October 17, 2011) along with interest rate of 8.22%
- Repayable in 16 equal quarterly instalments from the date of the loan (January 20, 2013) along with interest rate of 7.25%

NOTES FORMING PART OF THE ACCOUNTS (contd.)

5.4 Terms of Repayment for unsecured borrowings:

(i) Deferred Sales Tax Loan - Government of Andhra Pradesh, Commissionerate of Industries 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 01.07.1998 to 30.06.2012 which would be treated as interest free loan. The sales tax deferred for the period from 1st January 1999 to 31st March 2012 aggregating Rs. 5.91 Crores (March 31, 2011 : Rs. 5.34 Crores) has been classified as Unsecured Loan under Long Term Borrowings and Other Current Liabilities.

Deferred sales tax loan is repayable in monthly installments for 14 years beginning from July, 2012.

(ii) Fixed Deposits

Repayable as per the terms of individual deposit ranging from 24 months to 36 months from the date of acceptance of deposits

(Rupees in Crores)

	As at 31 March 2012	As at 31 March 2011
5.5 Fixed Deposits held by Directors	0.81	0.66

5.6 Fully hedged foreign currency transactions

Year end balance of foreign currency External Commercial Borrowings (ECBs) and Buyers Credit facility amounting to Rs. 51.20 Crores are fully hedged through related swap contracts and are accounted as INR loan. The Company has been consistent in treating the ECBs and the associated swap contracts as composite transaction.

Consequently, there are no foreign currency translation requirements as evidenced by repayment made to date.

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

(Rupees in Crores)

	As at 31 March 2012	As at 31 March 2011
6 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	11.59	10.47
Deferred Tax Assets		
Provision for expenses allowable on payment basis	0.97	1.60
Other timing differences	1.25	0.55
	<u>9.37</u>	<u>8.32</u>

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
7	Other Long-term Liabilities		
	Trade Payables	0.04	0.04
	Others		
	Interest payable to Micro, Small & Medium Enterprises (Refer Note 41)	0.17	0.12
		<u>0.21</u>	<u>0.16</u>
8	Long-term Provisions		
	Other Provisions		
	Provision for Litigations / Dispute	0.69	0.44
	Provision for Sales Tax Disputes*	0.00	0.00
	Provision for Warranty	0.05	0.10
		<u>0.74</u>	<u>0.54</u>

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

Provisions:

(Rupees in Crores)

	Litigations / Disputes		Sales Tax Disputes*	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Balance as at the beginning of the year	0.44	0.46	0.00	0.00
Additions	0.28	-	-	-
Amounts used	0.03	0.02	-	-
Balance as at the end of the year	0.69	0.44	0.00	0.00
Classified as Non-Current	0.69	0.44	0.00	0.00
	<u>0.69</u>	0.44	<u>0.00</u>	0.00

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

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
9	Short-term Borrowings		
	Secured		
	Working Capital Loans repayable on demand from banks (Refer Note (a))	15.89	6.50
	Short-term Loans repayable on demand from bank (Refer Note (b))	-	9.97
	Total	<u>15.89</u>	<u>16.47</u>

(a) Working Capital Loans from 6 (March 31, 2011 - 7) bankers are secured on paripassu basis by way of hypothecation of all inventories, book debts and other current assets of the Company.

(b) Short term loan from a bank is secured on a paripassu basis by way of hypothecation of inventories, book debts and other current assets of the Company.

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
10	Trade Payables		
	Acceptances	2.84	1.22
	Trade Payables		
	– Due to Micro, Small and Medium Enterprises (Refer Note 41)	2.15	2.20
	– Others	20.74	13.39
		25.73	16.81
11	Other Current Liabilities		
	Current Maturities of Long-term debt		
	– Term Loan Repayable Within One year (Refer note 5.3)	12.40	7.02
	– Fixed Deposits repayable within one year	7.90	2.98
	– Deferred Sales Tax Loan	0.16	-
	Interest accrued but not due on borrowings	1.48	0.84
	Unpaid dividends (Refer note (a) below)	0.14	0.13
	Employee Benefits payable	5.06	4.46
	Statutory dues including Provident Fund and Tax deducted at Source	2.89	1.94
	Discounts, Incentives and Commission payable	11.66	9.60
	Royalty & Trademark	1.13	1.43
	Other Payables		
	– Outstanding Liabilities	4.13	5.81
	– Capital Purchases	1.32	0.97
	– Others	0.23	0.28
		48.50	35.46
	(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end		
12	Short Term Provisions		
	Provision for Employee benefits		
	Provision for Compensated absence	2.49	2.31
	Provision for Gratuity	1.68	0.22
	Other provisions		
	Provision for Warranty	0.10	0.11
	Proposed Dividend on Equity Shares	2.37	1.58
	Tax on Dividend Distribution Tax	0.39	0.26
		7.03	4.48

NOTE FORMING PART OF THE ACCOUNTS (contd.)

(Rupees in Crores)

Description	Gross Block			Depreciation			Net Block	
	April 1, 2011	Additions	Disposal	March 31, 2012	April 1, 2011	For the year	March 31, 2012	March 31, 2011
13 Tangible Assets								
Own Assets								
Land	2.49	0.00	-	2.49	-	-	2.49	2.49
Buildings	31.83	5.95	-	37.78	6.88	1.19	29.71	24.95
Plant and Machinery	166.19	26.49	0.25	192.43	91.12	13.54	87.92	75.07
Furniture and Fixtures	0.92	0.13	0.03	1.02	0.63	0.12	0.30	0.29
Office Equipment	1.07	0.20	0.01	1.26	0.77	0.12	0.38	0.30
Vehicles	0.45	0.20	0.04	0.61	0.24	0.04	0.37	0.21
Previous year	202.95	32.97	0.33	235.59	99.64	15.01	121.17	103.31
	185.94	26.10	9.10	202.94	96.13	12.31	103.31	89.81
14 Intangible Assets								
Own Assets (Acquired)								
Software Licence	2.65	0.14	-	2.79	2.56	0.09	0.14	0.09
Others								
Goodwill	1.62	-	-	1.62	1.62	-	-	-
Previous year	4.27	0.14	-	4.41	4.18	0.09	0.13	0.09
	4.27	-	-	4.27	4.09	0.09	0.08	0.17

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
15	Long Term Loans and Advances		
	Unsecured, considered good (unless otherwise stated)		
	- Capital Advances	1.73	1.66
	- Security Deposits	0.58	0.23
	- Interest Free Loan to Rane Foundation (Refer note (a))	0.75	0.50
	Advance payment of Income Tax and Tax Deducted at Source		
	- Income Tax	1.85	1.76
	- Fringe benefits tax	0.05	0.01
	- Minimum Alternative Tax Credit	0.37	-
	Rent Advance		
	- Considered good	0.06	0.07
	- Considered doubtful	0.02	0.04
	Less : Allowance for doubtful rental advance	(0.02)	(0.04)
	Other loans and advances		
	- Balance with Government Authorities (Refer note (b))	0.48	0.45
	- Balance with Electricity Board	2.13	1.41
		8.00	6.09
	(a) Interest free loan given to Trust in which Chairman and directors are Trustees	0.75	0.50
	(b) Includes Sales tax and Excise deposit	0.30	0.27
16	Other Non current assets		
	Unsecured, considered good (unless otherwise stated)		
	Unsecured Considered good		
	Long Term Trade Receivable		
	Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
	Others	-	-
	Unsecured Considered Doubtful		
	Outstanding for a period exceeding 6 months from the date they are due for payment	0.11	0.16
	Less : Provison for Doubtful debts	-	-
		0.11	0.16
	Long term deposits with banks with maturity period more than 12 months (Refer note (a) below)	0.62	0.42
	Other Bank Balances		
	Unpaid Dividend Account	0.14	0.13
	Interest Warrant Account	0.03	0.05
	Margin money deposit (Refer Note (b) & (c))	0.00	-
		0.91	0.76

(a) Represents deposit held by Electricity Department - for Puducherry Plant towards Security Deposit

(b) Held as lien by bank against bank guarantees

(c) Amount is below the rounding off norm adopted by the Company.

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
17	Inventories		
	Stores and Spares	1.74	1.59
	Raw Materials (includes in transit : Rs.5.80 March 31, 2011 : Rs.2.39)	20.96	19.16
	Work- in - Progress (Refer Note a (ii))	2.77	3.14
	Finished Goods (Refer Note a (i))	2.73	0.87
		<u>28.20</u>	<u>24.76</u>
	(a) Details of Inventory		
	(i) Goods Manufactured		
	Brake Linings	1.38	0.37
	Disc Pads	1.16	0.23
	Clutch Facings	0.08	0.25
	Railway Brake Blocks	0.02	-
	Others	0.09	0.02
		<u>2.73</u>	<u>0.87</u>
	(ii) Details of Work in progress		
	Brake Linings	0.88	1.86
	Disc Pads	1.45	0.92
	Clutch Facings	0.34	0.25
	Railway Brake Blocks	0.10	0.11
	Others *	-	0.00
		<u>2.77</u>	<u>3.14</u>
	*Amount is below the rounding off norm adopted by the Company		
18	Trade Receivables		
	Unsecured Considered good		
	- Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
	- Others	69.47	61.88
	Unsecured Considered Doubtful		
	- Outstanding for a period exceeding 6 months from the date they are due for payment	0.18	0.55
	- Others	0.11	0.17
	Less : Provision for Doubtful debts	(0.29)	(0.72)
		<u>69.47</u>	<u>61.88</u>

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		As at 31 March 2012	As at 31 March 2011
19	Cash and Bank Balances		
	Cash and Cash Equivalents		
	- Cash on hand	0.01	0.02
	- Cheques on hand	-	0.02
	Bank Balances		
	- In Current Accounts	1.04	1.15
	- Demand deposits (less than 3 months maturity)	8.80	0.15
		9.85	1.34
	Other Bank Balances		
	- Long term deposit with maturity more than 3 months but less than 12 months	0.80	0.33
		10.65	1.67
20	Short Term Loans and Advances		
	Unsecured, considered good, unless otherwise stated		
	Other loans and advances		
	- Balance with Government Authorities	1.82	0.43
	- Others	5.64	2.26
	Prepaid Expenses	0.59	0.54
		8.05	3.23
21	Other Current Assets		
	Unsecured, considered good, unless otherwise stated		
	Interest accrued on Deposits	0.40	0.17
	Insurance Claims receivable	2.08	-
		2.48	0.17

Rane Brake Lining Limited

NOTES FORMING PART OF THE ACCOUNTS (contd.)

(Rupees in Crores)

	As at 31 March 2012	As at 31 March 2011
22 Contingent Liabilities		
Claims against the company not acknowledged as debt		
Income Tax matters	5.43	5.45
Sales Tax matters	0.85	0.76
Excise Duty matters	1.69	1.24
Service Tax matters	1.56	1.28
Labour Cases	0.01	0.01
	<u>9.54</u>	<u>8.74</u>
(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
(b) The Company does not expect any reimbursements from third parties in respect of the above contingent liabilities.		
23 Capital and other Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	23.64	10.60
	<u>33.18</u>	<u>19.34</u>
24 Proposed Dividend		
The final dividend proposed for the year is as follows:		
On Equity shares of Rs.10/- each.		
Amount of dividend proposed	2.37	1.58
Dividend per Equity Share	Rs. 3 Per Share	Rs. 2 Per Share

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2012	Year ended 31 March 2011
25	Revenue		
	Sale of products		
	Finished goods	397.97	338.14
	Other Operating revenues		
	Sale of Materials	0.63	0.80
	Scrap Sales	0.39	0.41
		398.99	339.35
	Less : Excise duty	39.82	33.51
		<u>359.17</u>	<u>305.84</u>
	(a) Details of Sales (Finished goods)		
	Brake Linings	194.10	152.18
	Disc Pads	129.26	114.86
	Clutch Facings	8.14	7.99
	Railway Brake Blocks	20.74	24.85
	Others	6.30	5.16
		<u>358.54</u>	<u>305.04</u>
	(b) Details of sales (Traded goods)		
	Raw Materials	0.63	0.80
		<u>0.63</u>	<u>0.80</u>
26	Other Income		
	Interest Income	0.57	0.20
	Dividend Income	-	0.03
	Provision / Liabilities written back to the extent no longer required	2.63	1.50
	Profit on Sale of Asset (Net) *	0.00	0.05
	Other non-operating income - Net	1.15	0.70
		<u>4.35</u>	<u>2.48</u>

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

Rane Brake Lining Limited

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2012	Year ended 31 March 2011
27	Cost of materials Consumed		
	Raw materials and components consumed		
	Opening Inventory	19.16	11.81
	Add : Purchases (Net) (Refer Note Below)	183.86	157.97
	Less : Inventory at the end of the year	<u>20.96</u>	<u>19.16</u>
		182.06	150.62
	Freight Inward	3.88	3.41
	Job Work Expenses	<u>3.45</u>	<u>2.88</u>
		189.39	156.91
	Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure		
	Cost of traded goods Consumed		
	Purchases (Net)	0.50	0.62
28	Changes in inventory of finished goods and work in progress		
	(Increase) / decrease in stocks		
	Stock at the beginning of the year :		
	Finished Goods	0.87	0.88
	Work-in-progress	3.14	3.10
	Total - A	4.01	3.98
	Stock at the end of the year :		
	Finished Goods	2.73	0.87
	Work-in-progress	2.77	3.14
	Total - B	5.50	4.01
	(Increase) / Decrease in Stocks (A - B)	<u>(1.49)</u>	<u>(0.03)</u>
29	Employee Benefit Expenses		
	Salaries, Wages and Bonus	35.13	31.58
	Contribution to Provident and Other Funds	2.29	2.00
	Gratuity (Refer note (a) below)	1.68	0.23
	Staff Welfare Expenses	<u>7.05</u>	<u>4.96</u>
		46.15	38.77

NOTES FORMING PART OF THE ACCOUNTS (contd.)

(a) Defined benefit Plans

Gratuity : Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

	(Rupees in Crores)	
	Year ended 31 March 2012	Year ended 31 March 2011
(i) Present value of Defined benefit obligation		
		Gratuity
Balance at the beginning of the year	6.60	6.36
Current service cost	0.53	0.52
Interest cost	0.53	0.51
Actuarial (gain) / loss	1.22	(0.32)
Benefits paid	(0.16)	(0.47)
Balance at the end of the year	<u>8.72</u>	<u>6.60</u>
(ii) Fair Value of plan assets		
Balance at the beginning of the year	6.37	4.59
Expected return on plan assets	0.60	0.48
Contribution by the company	0.23	1.77
Benefits paid	(0.16)	(0.47)
Balance at the end of the year	<u>7.04</u>	<u>6.37</u>
(iii) Assets and Liabilities recognised in the Balance sheet		
Present value of Defined Benefit obligation	8.72	6.60
Less : Fair Value of Plan Assets	(7.04)	(6.37)
Amounts recognised as liability	1.68	0.23
Recognised under :		
Long Term Provision	-	-
Short Term Provision	1.68	0.23
Current Liabilities	-	-
	<u>1.68</u>	<u>0.23</u>
(iv) Expense recognised in the Statement of Profit and Loss		
Current service cost	0.53	0.52
Interest cost	0.53	0.51
Expected return on plan assets	(0.60)	(0.48)
Actuarial (gain) / loss recognised in the year	1.22	(0.32)
Past Service Cost	-	-
Settlements	-	-
Curtailements	-	-
	<u>1.68</u>	<u>0.23</u>

NOTES FORMING PART OF THE ACCOUNTS (contd.)

(Rupees in Crores)

	31 March 2012	Year ended			
		31 March 2011	31 March 2010	31 March 2009	31 March 2008
(v) Actuarial Assumptions					
Discount rate	8.00%	8.00%	8.00%	7.70%	8.00%
Expected return on plan assets	9.30%	9.30%	9.30%	9.30%	8.00%
Salary Growth Rate	8.00%	8.00%	8.00%	6.42%	6.42%
Attrition rate	1-3%	1-3%	1-3%	5.23%	9.75%
(vi) Amounts recognised in current year and previous four years					
Gratuity					
Defined Benefit Obligation	8.72	6.60	6.36	4.24	5.04
Plan Assets	7.04	6.38	4.60	4.61	4.18
Surplus / Deficit	1.68	0.22	1.76	(0.37)	0.86

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

(b) Compensated Absence

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

The Company accounts its liability for long term compensated absences based on actuarial valuation, as at the balance sheet date, determined every year by an independent actuary using the Projected Unit Credit method. Actuarial gains and losses are recognised in the profit and loss account in the year in which they occur.

	Year ended 31 March 2012	Year ended 31 March 2011
Assumptions		
Discount Rate	8.00%	8.00%
Salary escalation rate	9.30%	9.30%
Attrition rate	1-3%	1-3%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

30 Finance Costs

Interest on long term borrowings		
Term Loans	3.94	2.54
Fixed Deposits	1.18	1.24
Working Capital Loans	0.97	0.38
Other borrowing costs	0.67	0.26
	<u>6.76</u>	<u>4.42</u>

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2012	Year ended 31 March 2011
31	Depreciation and Amortisation Expense		
	Depreciation on Tangible assets	15.01	12.31
	Amortisation on Intangible assets	0.09	0.09
		15.10	12.40
32	Other Expenses		
	Consumption of Stores and Spare parts	6.20	5.29
	Excise Duty (Refer note (a) below)	0.09	0.01
	Power and fuel	19.43	16.48
	Rent	0.08	0.07
	Repairs & Maintenance		
	Buildings	0.07	0.10
	Machinery	6.57	5.17
	Others	2.31	1.65
	Insurance	0.58	0.56
	Rates and taxes	0.97	1.13
	Travelling and Conveyance	3.09	2.27
	Professional Charges	6.29	5.82
	Royalty and Technical Fees	3.42	2.88
	Freight Outward	6.73	6.45
	Packing and Forwarding	7.02	5.59
	Advertisement and Sales Promotion	1.56	1.63
	Discount and Incentive	11.05	9.69
	Sales Commission	1.69	1.57
	Product Warranty	0.10	0.10
	Trade Mark Fee	1.88	1.52
	Bad debt Written off	0.14	0.30
	Directors' Sitting Fees	0.08	0.08
	Donation	0.32	0.44
	Auditors' Remuneration - see Note 32.1 below	0.25	0.20
	Miscellaneous Expenses	5.29	6.56
		85.21	75.56
	(a) Represents excise duty relate to the difference between the closing stock and opening stock		
32.1	Auditors' Remuneration		
	a. Audit fee	0.14	0.14
	b. Tax Audit Fee	0.02	0.02
	c. Other services	0.09	0.04
	d. Reimbursement of expenses*	0.00	0.00
		0.25	0.20

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

Rane Brake Lining Limited

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2012	Year ended 31 March 2011
33	CIF Value of Imports		
	I. Raw materials	67.42	58.50
	II. Components and spare parts	-	-
	III. Capital goods	6.10	0.48
		<u>73.52</u>	<u>58.98</u>
34	Other Financial Information		
	Outstanding Bank Guarantees	1.15	1.02
	Outstanding Letter of Credit	2.81	1.29
	Net exchange difference debited to Profit and Loss Account	0.08	1.28
35	Expenditure in Foreign Currency		
	Royalty (Net of tax)	3.08	2.47
	Technical Fees (Net of tax)	1.28	1.75
	Travelling	0.05	0.04
	Sales Commission	0.37	0.43
	Professional and Consultancy Charges	0.45	0.39
		<u>5.23</u>	<u>5.09</u>
36	Research and Development Cost		
	Capital expenditure	0.41	0.31
	Revenue Expenditure	4.84	5.53
		<u>5.25</u>	<u>5.84</u>
37	Details of Consumption and purchases		
	(a) Details of Raw Materials consumed		
	Asbestos	15.55	13.04
	Chemicals & Resins	131.09	109.34
	Steel Components	33.78	27.97
	Others	1.64	0.27
		<u>182.06</u>	<u>150.62</u>
	(b) Value of imported and indigenous materials consumed		
	Raw Materials		
	Imported	85.97	74.08
	Indigenous	96.09	76.54
	Stores and Spare Parts		
	Imported	-	-
	Indigenous	6.20	5.29

NOTES FORMING PART OF THE ACCOUNTS (contd.)

		(Rupees in Crores)	
		Year ended 31 March 2012	Year ended 31 March 2011
38	Dividends remitted in foreign exchange		
	Final Dividend paid during the year	March 31, 2012	March 31, 2011
	Number of Shareholders	1	1
	Number of Shares held	15,95,249	15,95,249
	Amount paid as Final Dividend	-	0.24
	Interim Dividend paid during the year		
	Number of Shareholders	1	1
	Number of Shares held	15,95,249	15,95,249
	Amount paid as Interim Dividend	0.64	0.48
39	Earnings in Foreign Currency		
	Revenue from Exports on F.O.B. Basis	19.71	15.78
40	Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 and calculation of Commission to Chairman		
	Profit before tax	21.90	19.67
	Commission to Chairman	0.22	0.19
	Directors sitting fees	0.08	0.08
	Adjusted Profit	22.20	19.93
	Commission @ 1%	0.22	0.20
	Restricted to	-	0.19
41	Dues to micro and small enterprises		
	The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows :		
	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	2.15	2.20
	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.17	0.12
	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	15.41	14.33
	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.06	0.06
	Further interest remaining due and payable for earlier years	0.12	0.06

NOTES FORMING PART OF THE ACCOUNTS (contd.)

(Rupees in Crores)

42 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.

43 Earnings per Share

Before Extraordinary items

		31 March 2012	31 March 2011
(a) Basic			
Profit after tax		16.19	15.29
Adjusted net profit for the year	A	16.19	15.29
Weighted average number of shares outstanding	B	7,914,980	7,914,980
Basic EPS	A/B	20.45	19.31
(b) Diluted		20.45	19.31
Face value per share (Rs)		10.00	10.00

After extraordinary items

		31 March 2012	31 March 2011
(a) Basic			
Profit after tax		16.19	15.29
Adjusted net profit for the year	A	16.19	15.29
Weighted average number of shares outstanding	B	7,914,980	7,914,980
Basic EPS	A/B	20.45	19.31
(b) Diluted		20.45	19.31
Face value per share (Rs)		10.00	10.00

44 Related Party Disclosures

(a) Names of related parties and nature of relationship :

(i) Holding Company	Rane Holdings Limited (RHL)
(ii) Fellow subsidiaries	Rane (Madras) Limited (RML) Rane Die cast Limited (RDL) Rane Engine Valve Limited (REVL) Rane Holdings America Inc. (RHA)
(iii) Significant influence	Nisshinbo Holdings Inc. (NHI)
(iv) Key Management Personnel (KMP)	Mr. L Lakshman - Manager under the Companies Act, 1956 without remuneration (till March 31, 2012) Mr. L Ganesh, Chairman
(v) Relatives of KMP (L.Lakshman and L.Ganesh)	Mrs. Pushpa Lakshman, Mr. Harish Lakshman, Mrs. Hema C Kumar, Mrs. Vanaja Aghoram, Mrs. Shanthi Narayan, Mr. Vinay Lakshman, Mrs. Meenakshi Ganesh, Mr. Aditya Ganesh and Mrs. Aparna Ganesh
(vi) Enterprise over which KMP 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.

NOTES FORMING PART OF THE ACCOUNTS (contd.)

(c) Transactions / Balances

(Rupees in Crores)

Description	Holding Company		Fellow Subsidiary (RML)		KMP		Relatives of KMP		Enterprise over which KMP exercise significant influence (RF)		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Transactions during the year												
Trade Mark Fee	1.88	1.52	-	-	-	-	-	-	-	-	1.88	1.52
Professional Charges	3.93	2.86	0.09	-	-	-	-	-	-	-	4.02	2.86
Reimbursement of expenses	0.16	-	0.10	0.01	-	-	-	-	-	-	0.26	0.01
Commission to L Ganesh	-	-	-	-	0.22	0.19	-	-	-	-	0.22	0.19
Fixed deposits Accepted	-	-	-	-	0.15	0.18	-	0.06	-	-	0.15	0.24
Fixed deposits Renewed / Repaid	-	-	-	-	0.22	0.05	0.06	0.02	-	-	0.28	0.07
Interest on Fixed Deposits	-	-	-	-	0.08	0.05	0.03	0.05	-	-	0.11	0.10
Sitting fees to Harish Lakshman	-	-	-	-	-	-	0.01	0.01	-	-	0.01	0.01
Interest Free Loan	-	-	-	-	-	-	-	-	0.75	0.50	0.75	0.50
Donation	-	-	-	-	-	-	-	-	0.30	0.40	0.30	0.40
Balance as at year end												
Payables												
Fixed Deposits – KMP	-	-	-	-	0.81	0.66	0.34	0.34	-	-	1.15	1.00
Receivable												
Interest Free Loan	-	-	-	-	-	-	-	-	0.75	0.50	0.75	0.50

45 Previous Year Figures

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

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

Signature to Notes 1 to 45

For and on behalf of the Board

Subramanian Vivek
Partner
(Membership No. 100332)

L GANESH
Chairman

Place : Chennai
Date : May 23, 2012

P S RAO
Manager

G KARTHIKEYAN
Secretary

L LAKSHMAN
Director

Rane Brake Lining Limited

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS

(Rupees in Crores)

Year	2012	2011	2010	2009	2008
Income	363.52	308.32	237.68	193.15	184.27
EBITDA	43.76	36.49	30.20	21.25	23.29
Profit before tax	21.90	19.67	14.93	4.32	11.19
Profit after tax	16.19	15.29	10.09	2.89	8.94
Dividend %	70	50	45	20	40

BALANCE SHEET SUMMARY

(Rupees in Crores)

Year ended 31 March	2012	2011	2010	2009	2008
Equity Share Capital	7.91	7.91	7.91	7.22	7.22
Reserves & Surplus	88.68	78.93	68.24	59.52	58.48
Net Worth	96.59	86.85	76.15	66.73	65.69
Net Worth per equity share Rs.	122.03	109.72	96.5	92.49	91.05
Capital employed	189.92	159.39	126.22	137.04	129.67
Return on Capital employed -%	16.41	16.87	14.80	7.84	9.70

