



# **Rane (Madras) Limited**

**9<sup>th</sup> ANNUAL REPORT 2013**

**Board of Directors**

L GANESH - Chairman  
L LAKSHMAN  
P S KUMAR  
HARISH LAKSHMAN  
M LAKSHMINARAYAN  
T MUKHERJEE  
ANITA RAMACHANDRAN

**Audit Committee**

M LAKSHMINARAYAN - Chairman  
P S KUMAR  
L LAKSHMAN  
T MUKHERJEE

**Investors' Service Committee**

L LAKSHMAN - Chairman  
HARISH LAKSHMAN  
P S KUMAR

**President**

S PARTHASARATHY

**Vice President - Finance**

P KRISHNAMOORTHY

**Secretary**

S SUBHA SHREE

**Auditors**

DELOITTE HASKINS & SELLS  
Chartered Accountants  
ASV Towers, 7th Floor, Old No.37, New No.52  
Venkatanarayana Road, T. Nagar, Chennai-600 017.

**Cost Auditors**

JAYARAM & ASSOCIATES  
10 (Old No.8), Rajan Street, T. Nagar, Chennai-600 017.

**Listing of shares with**

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

**Bankers**

Canara Bank, Chennai-600 002.  
DBS Bank Limited, Chennai-600 002.  
HDFC Bank Limited, Chennai-600 002.  
IDBI Bank Limited, Chennai-600 015.  
Standard Chartered Bank, Chennai-600 001.

**Registered Office**

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

**Plants**

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

**Registrar & Transfer Agents**

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

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# Rane (Madras) Limited

## FINANCIAL HIGHLIGHTS

### KEY PERFORMANCE INDICATORS

FINANCIAL YEAR	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Return on Capital Employed (ROCE)	17.87%	24.72%	25.12%	18.85%	7.07%	2.40%	21.86%	21.76%	12.80%
Return on Equity (ROE) (%)	19.11%	25.65%	27.14%	17.99%	0.50%	61.82%	32.94%	24.14%	12.48%
Earnings per share (Rs.)	23.04	26.95	24.18	13.59	0.36	35.86	13.08	8.02	5.40
Dividend (%)	70.00%	95.00%	70.00%	45.00%	0.00%	60.00%	40.00%	30.00%	10.00%
Book value per share (Rs.)	127.97	113.20	96.99	81.12	69.94	72.11	44.37	36.96	33.47

### OPERATIONAL PERFORMANCE

Rs. Crores

FINANCIAL YEAR	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Total Income	641.36	673.11	585.46	420.68	353.16	350.82	332.98	280.51	198.65
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	56.35	60.43	44.42	33.18	18.55	11.55	28.94	26.30	16.41
Profit Before Tax (PBT)	30.06	37.17	30.83	20.04	1.2	46.74	18.39	15.78	8.26
Profit After Tax (PAT)	23.42	27.40	24.57	13.81	0.36	36.60	13.62	8.64	4.23

### BALANCE SHEET SUMMARY \*\*

Rs. Crores

Year ended 31st March	2012-13	2011-12	2010-11
Equity Share Capital	10.16	10.16	10.16
Shareholders' Funds	130.07	115.06	98.58
Non current Liabilities	40.79	50.19	47.61
Current Liabilities	190.23	175.78	131.65
Non Current Assets	179.09	165.52	124.41
Current Assets	182.00	175.51	153.43

\*\* Pertains to revised Schedule VI applicable years only

## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the **Ninth Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m.** on **Thursday, July 18, 2013, at The Music Academy (Mini Hall), New No. 168, T.T.K Road, Royapettah, Chennai 600 014**, to transact the following :-

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Director's Report, the audited accounts of the Company for the year ended March 31, 2013 and the Auditor's report thereon.

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

"Resolved that the Audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended March 31, 2013 together with the Reports of the Directors and the Auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To declare dividend on equity shares

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

"Resolved that the interim dividend of Rs.2/- per equity share declared by the Board of Directors of the Company on January 23, 2013 on 1,01,64,145 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.2,36,26,047 (including dividend distribution tax and cess thereon), paid to the shareholders on February 7, 2013 for the year ended March 31, 2013, be and is hereby approved."

"Resolved further that final dividend of Rs.5/- per equity share of Rs.10/- each on 1,01,64,145 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2013, absorbing an amount of Rs. 5,94,57,707 (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear in the Company's Register of Members as on **July 18, 2013** and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on **July 12, 2013** 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 113 and 115 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 re-appointed as a Director of the Company."

4. To appoint a director in the place of Mr. Harish Lakshman who retires by rotation under Article 113 and 115 of the Articles of Association of the Company and being eligible, offers himself for re-election.

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

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

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 M/s. Deloitte Haskins and Sells, Chartered Accountants (Registration No. 008072S with The Institute of Chartered Accountants of India), be and are hereby reappointed 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."

### SPECIAL BUSINESS :

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

### Appointment of Mrs. Anita Ramachandran as Director

"Resolved that Mrs. Anita Ramachandran, who holds office as an additional director of the Company up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office shall be subject to retirement by rotation."

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

Chennai  
May 22, 2013

S Subha Shree  
**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 13, 2013 to Thursday, July 18, 2013** (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2006 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. 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 Registrars and Transfer Agents, for payment in respect of the unclaimed dividend for the financial year 2005-06 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](mailto: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 Registrars and Transfer Agents:

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

Members holding shares in dematerialized form are requested to update the change in residential and e-mail address with their respective Depository Participants (DPs).

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.

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

### **Resolution No.6**

The Board of Directors of your Company co-opted Mrs. Anita Ramachandran on October 15, 2012 as additional director. Mrs. Anita Ramachandran, holds an MBA (Finance) from the Jamnalal Bajaj Institute, Mumbai and a well-known Human Resource (HR) expert in the country. She has over 30 years of experience as a management consultant.

Mrs. Anita began her career in the Management Consultancy division of AF Ferguson & Co. in Mumbai in 1976 and worked for 19 years in various areas of Management Consulting. She has made significant contributions in a wide range of areas from finance, industrial market research and strategy before focusing on building the HR consulting practice. She founded Cerebrus Consultants in 1995 to focus on HR consulting including Organisation transformation and her reputation and innovative work has helped her build Cerebrus into an organisation with national presence. She has worked with over 450 companies in South Asia in the last seventeen years.

Information about Mrs. Anita Ramachandran, in accordance with clause 49 IV of the Listing Agreement is attached.

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

Mrs. Anita Ramachandran is deemed to be interested in the resolution. No other director is concerned or interested in the resolution.

Your directors commend the resolution for adoption.

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

Chennai  
May 22, 2013

S Subha Shree  
**Secretary**

# Rane (Madras) Limited

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

	Item No.3	Item No.4	Item No.6
<b>Name of the director</b>	Mr. L. Lakshman	Mr. Harish Lakshman	Mrs. Anita Ramachandran
<b>Father's Name</b>	Mr. L. L. Narayan	Mr. L. Lakshman	Mr. Ediyathumangalam Narayanan Ramadoss
<b>Date of birth</b>	July 17, 1946	February 12, 1974	April 28, 1955
<b>Educational Qualifications</b>	B.E., Executive MBA from London Business School	B.E., MSM	MBA (Finance) Jamanlal Bajaj Institute, Mumbai
<b>Date of appointment</b>	March 31, 2004	March 31, 2004	October 15, 2012
<b>Experience</b>	Mr. Lakshman has been spear-heading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Mr. Harish Lakshman has 14 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Ltd.	Mrs. Anita has over 30 years of experience as a management consultant
<b>Other Directorships</b>	<b>Public Limited Companies</b>  <b>Executive Chairman</b> Rane Holdings Limited  <b>Director</b> Rane Engine Valve Limited Kar Mobiles Limited Rane NSK Steering Systems Ltd. Rane TRW Steering Systems Ltd. Rane Brake Lining Limited JMA Rane Marketing Limited Force Motors Limited DCM Engineering Limited Automotive Stampings and Assemblies Limited Tata AutoComp Systems Limited SRF Limited	<b>Public Limited Companies</b>  <b>Managing Director</b> Rane TRW Steering Systems Ltd.  <b>Vice Chairman</b> Rane Engine Valve Limited  <b>Director</b> Rane Brake Lining Limited Rane Holdings Limited Rane NSK Steering Systems Ltd. Rane Diecast Limited JMA Rane Marketing Limited SasMos HET Technologies Ltd.  <b>Foreign Company</b> Rane Holdings America Inc.  <b>Private Limited Companies</b> Savithur Enterprises P Ltd. Broadvision Perspectives India P Ltd. Broadvision Services P Ltd. HL Hill Station Properties P Ltd.	<b>Public Limited Companies</b>  HCL Infosystems Ltd. Geometric Ltd. Godrej & Boyce Mfg. Co. Ltd. Force Motors Ltd.  <b>Private Limited Companies</b> Cerebrus Consultants P Ltd. Swadhaar FinServe P Ltd.
<b>Committee Memberships</b>	<b>Chairman - Audit</b> Rane TRW Steering Systems Ltd Rane NSK Steering Systems Ltd.  <b>Member - Audit</b> Rane (Madras) Limited Rane Engine Valve Limited Kar Mobiles Limited Automotive Stampings and Assemblies Limited Tata AutoComp Systems Ltd. DCM Engineering Limited  <b>Chairman - Investors' Service</b> Rane (Madras) Limited	<b>Member - Audit</b> Rane Diecast Limited  <b>Chairman-Investor's Service</b> Rane Brake Lining Limited Rane Holdings Limited  <b>Member-Investor's Service</b> Rane (Madras) Limited	<b>Member - Audit</b> Geometric Ltd . Godrej & Boyce Mfg. Co. Ltd. Swadhaar FinServe P Ltd. HCL Infosystems Ltd.  <b>Chairperson - Employees Compensation</b> Swadhaar FinServe P Ltd.  <b>Chairperson- Employees Compensation &amp; Satisfaction</b> HCL Infosystems Ltd.
<b>Number of shares held</b>	Nil	750	Nil

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

Chennai  
May 22, 2013

S Subha Shree  
**Secretary**

**REPORT OF THE DIRECTORS**

Your Directors have pleasure in presenting their ninth Annual Report together with the accounts for the year ended March 31, 2013.

**1. Financial Performance**

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

(Rs. crores)

Particulars	2012-13	2011-12
Sales and Operating Revenues	<b>639.87</b>	670.75
Other Income	<b>1.49</b>	2.36
Profit Before Tax	<b>30.06</b>	37.17
Provision for tax :		
Current	<b>6.05</b>	7.65
Deferred	<b>1.27</b>	2.12
MAT Credit availed	<b>(0.68)</b>	-
Profit After Tax	<b>23.42</b>	27.40
Surplus brought forward	<b>40.93</b>	27.49
Amount available for appropriation	<b>64.35</b>	54.89

The drop in market demand resulted in reduced sales and operating revenues at Rs.639.87 crores compared to Rs.670.75 crores in the previous year, representing negative growth of 4.60%. This coupled with escalation in certain committed costs has adversely affected the Profit Before Tax (PBT) at Rs.30.06 crores as against previous year of Rs.37.17 crores. The earnings per share for the year 2012-13 was lower at Rs.23.04 as against Rs.26.95 during the year 2011-12.

**2. Appropriation**

Out of the profit available for appropriation of Rs. 64.35 crores, the directors have declared and paid an interim dividend of 20% on the equity capital of the Company for the year ended March 31, 2013. Further, the directors have recommended a final dividend of 50%, making total dividend as 70% for the year. The total dividend amount inclusive of distribution tax and surcharge thereon would be Rs. 8.30 crores. After transfer of Rs. 2.35 crores to the General Reserve, Rs.53.70 crores has been retained as surplus in the Profit and Loss Account.

**3. Management Discussion & Analysis**

Your Company is engaged in the manufacturing and marketing of components for transportation industry. A detailed analysis on the performance of the industry and the Company are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as Annexure 'A'.

**4. Fixed Deposits**

The outstanding fixed deposit amount as at the year ended March 31, 2013 was Rs.6.11 crores. The deposits that matured during the year were repaid / renewed excepting a sum of Rs.0.02 Crores for which claims are yet to be lodged with the Company.

**5. Board of Directors**

At the ensuing Annual General Meeting (AGM), Mr. L Lakshman and Mr. Harish Lakshman retire by rotation and being eligible, offer themselves for re-appointment. The notice convening the AGM includes the proposal for their re-appointment as directors.

Mrs. Anita Ramachandran was co-opted to the Board during the year and would hold office up to the ensuing AGM of the Company. The Company has received notice from a shareholder signifying the intention to propose the appointment of Mrs. Anita Ramachandran as director of the Company, at the AGM.

During the year, Mr. V Narayanan, retired from the Board on attaining the age of 75 years as per the retirement policy of the Company. The Board places on record its appreciation for the services rendered by Mr. V Narayanan during the tenure of office with the Company.

**6. Conservation of energy**

In the light of shortage of power in the states where the Company's plants are located, the initiatives to conserve energy has become very important. The Company has enhanced its efforts to identify more energy efficient machines optimizing the power usage. Energy audits and efforts in reducing wasteful consumption of energy have been enhanced giving the company considerable benefit in the unit consumption of power for the products manufactured.



# Rane (Madras) Limited

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## REPORT OF THE DIRECTORS (cond.)

### 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

The foreign exchange earnings during 2012-13 was Rs.95.02 crores against foreign exchange expenditure of Rs.3.52 crores. The Company continued to remain a substantial net foreign exchange earner with the foreign exchange earnings being 26 times higher than the expenditure.

### 9. Employees

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

### 10. Auditors

#### Statutory Auditors

The Auditors, M/s Deloitte Haskins & Sells (DHS) hold office until the conclusion of the ensuing AGM and have expressed their willingness to continue as statutory auditors of the Company. The Company has received letter from DHS to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. DHS has submitted the Peer Review Certificate issued to them by The Institute of Chartered Accountants of India.

The notice of the ensuing AGM contains necessary resolution in this regard. Members may consider appointing DHS as Statutory Auditors of the Company for the financial year 2013-14.

#### Cost Auditors

In terms of the Companies (Cost Accounting Records) Rules, 2011, the Cost Compliance Report for the financial year 2011-12 was filed with The Ministry of Corporate Affairs (MCA) on February 18, 2013 which is well within the extended due date of February 28, 2013.

Pursuant to the Cost Audit Orders issued by the MCA under Section 233B of the Companies Act, 1956, the Board has appointed M/s. Jayaram & Associates, Cost Accountants, Chennai to carry out the cost audit of the Company for the financial year 2012-13. The Company would be filing the Cost Audit Report for the financial year ended March 31, 2013 before the due date viz. September 30, 2013 or such other date extended by the MCA.

The Company has received a letter from M/s. Jayaram & Associates, to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Based on the recommendation of the Audit Committee, the Board has re-appointed M/s. Jayaram & Associates, as cost auditors for the financial year 2013-14.

### 11. Director's Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, and based on the representations received from operating management, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts for the financial year 2012-13 and there are no material departures;
- 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, preventing and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

## REPORT OF THE DIRECTORS (cond.)

### 12. Corporate Social Responsibility

The vision on Corporate Social Responsibility (CSR) is, “**To be a socially and environmentally responsive organization committed to improve quality of life within and outside**”. CSR activities of Rane Group are channelized through Rane Foundation, a public charitable and educational trust, in the social and environmental spectrum.

Some of the CSR initiatives undertaken by your Company were as follows:

- Contributed funds towards establishment of Polytechnic College at Trichy by Rane Foundation by way of donation and interest-free loans.
- Contributed to community development programs for elderly citizens and orphanages by sponsoring for their food, medical and other expenses.

- Organized Health & Education camps including Blood Donation camps, Polio Camps and Mid-Day meals for school children.
- Organized environmental improvement activities by undertaking renovation of temples, public toilets and planting of trees.

### 13. Corporate Governance Report

Your Company has complied with the Corporate Governance requirements as stipulated under clause 49 of the Listing Agreement. 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 22, 2013

**HARISH LAKSHMAN**  
Director

# Rane (Madras) Limited

## Annexure A to Report of the Directors

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

The Company is a manufacturer of Steering & Suspension Linkage Products and Steering Gear Products to passenger cars, commercial vehicles and farm tractors. The Company operates in a single reportable segment viz., components for transportation industry.

#### Industry Structure, Developments and Performance

Continued higher inflation and interest rates and lack of positive market sentiments slowed growth of domestic automotive market during the year 2012-13. During the year, the domestic industry had not witnessed growth in any segment except Utility Vehicles and Light Commercial Vehicles. While overall domestic sales had registered a marginal growth, export growth came under pressure due to weak economic expansion in the developed countries.

#### Industry Growth

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

Vehicles	Volume Growth in % over previous year	
	2012-13	2011-12
Passenger Cars	-4	2
Utility Vehicles	52	17
Small Commercial Vehicles	-17	27
Light Commercial Vehicles	25	28
Medium & Heavy Commercial Vehicles	-28	11
Farm Tractors	-1	12

Source: Society of Indian Automobile Manufacturers

#### Domestic Market

The Company, in line with the served industry trend, registered net sales of Rs.527 crores compared to Rs.576 crores in the previous year, representing negative growth of 8.5%.

The break-up of the domestic sales by products is given below:

(Rs. in crores)

Products	2012-13	2011-12	Growth in %
Steering & Suspension Linkage Products	287	324	(11.4)
Steering Gear Products	240	252	(4.8)
<b>Total</b>	<b>527</b>	<b>576</b>	<b>(8.5)</b>

The general slow-down in the market and stock adjustment by channel participants had affected the aftermarket sales, resulting in de-growth for the first time in the past decade.

The break-up of OEM and aftermarket sales is as follows:

(Rs. in crores)

Market	2012-13	2011-12	Growth in %
OEM & OES	437	475	(7.8)
Aftermarket	90	101	(10.89)

#### Exports

The Company's exports were predominantly for North American markets. The Company recently commenced its exports to Brazil and China. The effort by the Company in expanding customer and product base abroad helped to reduce dependence on a few customers and broad-based the customer base. Addition of new customers and a favorable exchange rate helped the Company grow exports by 20% during the year under review.

The break-up of the export sales is given below:

(Rs. in crores)

Products	2012-13	2011-12	Growth in %
Steering & Suspension Linkage Products	40	24	67
Steering Gear Products	57	57	-
<b>Total</b>	<b>97</b>	<b>81</b>	<b>20</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

### Operational and Financial Performance

#### Financial Review

The net sales of the Company declined by 5% to Rs.624.27 crores compared to the previous year with sales from new products generating 15% of the revenues. The Profit Before Tax (PBT) declined to Rs.30.06 crores as against previous year of Rs. 37.17 crores. The drop in domestic market demand coupled with committed necessary cost increases affected the profitability. However, Company's focus on cost reduction and sustained efforts to improve export sales, helped the Company post a reasonable profit under trying market conditions.

Fixed costs were controlled through planning of vital costs and selectively committing discretionary costs.

#### Operations and Manufacturing Review

The Company evaluates capital investments based on three important criteria which are productivity improvement, machine upgradation and cost-efficient capacity addition. The Company looks at specific initiatives like process optimization, manual time reduction, CNC conversion, critical parts change-over etc., to augment the existing capacity. The Company's specialized skill on equipment management and creating additional capacity within the existing infrastructure with minimal spending, has helped in achieving a healthy fixed asset turnover.

There has been significant issue of power availability throughout the year due to scheduled and unscheduled power cuts. The Company has tried to minimize the impact of higher power cost through windmill generated power and purchase of power through Third Party Providers.

Operational cost reduction and cost control have been the focus area to sustain profitability with formation of Cross Functional Team (CFT) between production, materials, finance, marketing and manufacturing engineering being one such continuing effort. Some other cost reduction programs successfully implemented during the year were:

- Making machines energy efficient by installation of variable frequency drives.
- Power usage optimization in heat treatment area.
- Redesign of packing to introduce reusable packing and palletization.
- Change of processes like E-coating in place of powder coating.
- Effective scheduling to avoid premium freight.

#### Pursuit of Business Excellence

After winning the Deming Application Prize in the year 2007, the Company did a self-diagnosis and four major objectives were set to compete in the prevailing challenging environment:

- producing world class products
- developing competent and self-motivated people
- continuing focus on technical leadership and
- enhancing profitability through various initiatives

The improvement activities were taken up with these objectives in mind. The success of these initiatives also helped us challenge the next level in Deming Awards "Deming Grand Prize" (DGP). The Company was awarded the prestigious **Deming Grand Prize (DGP)** in November, 2012. The Company is one among the 25 companies globally awarded the DGP during the past 20 years.

TQM culture continues with an energized focus on customers. Winning the DGP is a stepping stone for the management team to continue pursuing excellence in all areas of business practices. The Company also won the following awards in the year 2012-13 :

- ❖ "Over All Performance Award" from Tata Motors Limited
- ❖ "Best Supplier Award" from TAFE for overall performance
- ❖ Award for Superior performance in the field of quality and delivery improvement from Maruti Suzuki India Limited.

## MANAGEMENT DISCUSSION AND ANALYSIS (cond.)

### Outlook

The business scenario in the coming year is expected to continue to be challenging. The Company expects first quarter of 2013-14 to witness a low demand in most vehicle segments with some improvement likely by second half of 2013-14.

The Company expects to grow reasonably through new businesses in rack and pinion and hydraulics. The Company's investment was focused on capacity addition towards manufacturing of hydrostatic steering gears and cylinders with a new in-house production facility for hydraulic products at Mysore plant proposed to be established during the year 2013-14. As part of long term strategy to maintain efficiency and costs, the products from Velachery plant would be progressively shifted to the Varanavasi plant.

The following additional initiatives are being undertaken as a way forward:-

- Establishing stronger position in suspension ball joints.
- Expanding export business through current customers as well as adding new customers in different geographies.
- Enhancing the Company's market share significantly in hydraulic products.
- Expanding scope and reach of the products in after market segment.

### Opportunities & Threats

Despite cyclical ups and downs, India continues to attract foreign investments as it provides largest engineering talent pool with acclaimed designing and process engineering skillsets. India has quality manufacturing and testing facilities on par with facilities elsewhere in the globe.

The Company's main areas of strength are:-

- A strong focus on customer requirements and the willingness to look beyond the stated needs of the customers.
- Ability to independently design and validate the products.

- A well-established TQM culture across all the functions and continuous strive towards being one of the best places to work.

- A network of trusted suppliers.

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

- Unceasing cost reduction demand from OEMs imposing pressure on operating margins.
- Volatility of Commodity prices affecting the input costs structure.
- Dumping from neighbouring countries.
- Weak economic expansion in the developed countries.

### Internal Control Systems and Risk Management

Your Company has an adequate "Internal control System" that promotes reliable financial reporting, safeguard assets, propagate ethical conduct, encourage adherence management policies and standards as applicable. The strong internal control systems have been designed not only to prevent fraud and misuse of the company resources but also to protect shareholders interest. Your 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 the 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 ensures the reliability of internal control systems and compliance with laws and regulations including resource utilization and system efficacy.

The risks associated with each of the business processes and the sub-processes are reviewed periodically by the Audit committee. 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

**MANAGEMENT DISCUSSION AND ANALYSIS (cond.)**

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 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 every two years for their review.

**Human Resource Development and Industrial Relations**

Our HR practices are an expression of our Employer Brand Promise of creating enduring experiences by developing, nurturing and institutionalizing a culture of high performance and innovation. Challenging assignments and continuous learning opportunities will help our people to realize their potential and grow professionally and personally. Working our way towards profitable growth, we have embarked upon innovation journey, creating an innovation agenda. We are sowing the seeds of a spirit of innovation among our employees with some identified teams working on select projects with the objective of taking quantum leaps in the areas of product development, business processes reengineering, market penetration etc. In our constant endeavour to strengthen corporate governance, the Rane COMPASS – the revised

ethical standards of behaviour was rolled out making it contemporary and comprehensive. To complement it further, Whistle Blower Policy was introduced with a view to monitoring undesirable behaviour and take corrective actions. Our initiatives in the areas of people practices and HR processes were recognized by the Asia's Best Employer Brand Award for 'Talent Management' by the Employer Branding Institute and the 'Significant Achievement in HR Excellence' award by the Confederation of Indian Industry respectively.

The Company had healthy industrial relations in the year 2012-13. Significant focus was given to people development initiative to harness human capital. The pursuit of Deming Grand Prize has energised the work force to strive for higher aspiration and performance. Skill development and competency enhancement will be the focus areas to sustain competitiveness.

Total employee involvement has been the strength of the Company and the engagement of employees in quality circles and as quality improvement teams has helped the Company maintain a very healthy work culture. As at the end of March 31, 2013, the total number of employees stood at 1019 against 1070 as on March 31, 2012.

**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.

# Rane (Madras) Limited

## 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, 2013.

### RESEARCH AND DEVELOPMENT (R & D)

#### 1. Specific areas in which R & D carried out by the Company:

- Product technology for mechanical Rack & Pinion for deploying with Electric Power Steering(EPS), with focus on attenuating friction and noise
- Development of EPS for small commercial vehicles and farm tractors
- Hydraulic products for farm tractors, commercial vehicles and off - road vehicles
- Ball joints for vehicular suspension application
- Development of compact steering for low HP farm tractors
- Enhancing capability in design of Suspension control arms
- Various light weighting initiatives like
  - ❖ Usage of engineering plastics in place of metals
  - ❖ Usage of high strength steel to reduce the size
- Validation capability enhancement –
  - ❖ Indigenously developed state of the art, three axis Rack and pinion steering gear durability test rig
  - ❖ Created vehicle test track to simulate actual road conditions and isolate noise generators in the steering system

#### 2. Benefits derived as a result of R & D

- Potential business for new generation cars with EPS and recognition of RML as a global Rack & Pinion Steering Gear manufacturer
- Fortifying RML's position in the farm tractor and small commercial vehicle business in the near future by offering contemporary technology products
- Facilitating expansion export business and make inroads into domestic suspension business
- Achieving first time right and reducing time to market new products

#### 3. Future plan of action

- Deployment of appropriate technology to enhance product performance in all segments

- Product reliability enhancement
- Enhancing new product portfolio in hydraulics – material handling equipment, small construction machines etc.
- Development capability in Hydraulics and Electronics by upgrading competency, skill and infrastructure

#### 4. Expenditure on R & D

Rs. Crores

Particulars	2012-13	2011-12
A Capital Expenditure	2.55	1.08
B Recurring Expenditure	4.05	3.62
C Total	6.60	4.70
D Total R & D expenses as a percentage of total turnover	1.03%	0.71%

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

#### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

- Various configurations of Column EPS for farm tractors and off-road vehicles conceptualized indigenously
- Concept of deploying hydrostatic steering for ATV

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

- Development of new products and retaining / increasing business share
- Improvement of performance of existing products and offering value proposition to customers

#### 3. Particulars of imported Technology (Technology imported during the last 5 years reckoned from the beginning of the financial year)

Technology Imported	Year of Import	Has the Technology been fully absorbed	Areas where Technology not fully absorbed, reason and future plan of action
Manufacture, Assembly and testing of ball joints for installation on certain manual steering gears and hydraulic power steering gears.	2009	Yes	Not Applicable
Design and development of prototypes of Lower control arm.	2010	Yes	Not Applicable

For and on behalf of the Board

Chennai  
May 22, 2013

**HARISH LAKSHMAN**  
Director

**L GANESH**  
Chairman



# Rane (Madras) 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, 2013.

Sl. No	Name	Age	Designation / Nature of Duties	Date of Commencement of Employment	Remuneration (Rs.)	Qualification	Experience (Years)	Particulars of last Employment
1.	Mr. S. Parthasarathy	54	President/ "Manager" under the Companies Act, 1956	05.04.2000	85,85,101	B.E., M.B.A. (OUBS)	31	General Manager- Marketing Rane TRW Steering Systems 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 S Parthasarathy is contractual in nature.
3. Mr S Parthasarathy 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

Chennai  
May 22, 2013

**HARISH LAKSHMAN**  
Director



# Rane (Madras) Limited

## 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-RANE COMPASS" 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 seven non-executive directors. The composition of the independent directors (57%) 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, 2013 have been made by the directors.

The Board met five (5) times during the financial year on May 22, 2012, July 19, 2012, October 15, 2012, January 23, 2013 and March 22, 2013. The names and categories of the directors on the Board, their attendance at Board meetings and Annual General Meeting held during the year and the number of directorships and committee chairmanships / memberships held by them 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	5	Yes	1	11	3	7
Mr. L Ganesh	Non-Executive & Promoter	5	Yes	7	4	2	7
Mr. Harish Lakshman	Non-Executive & Promoter	5	Yes	-	8	2	2
Mr. V Narayanan <sup>1</sup>	Independent & Non-Executive	4	Yes	-	NA		
Mr. P S Kumar	-do-	5	Yes	-	4	3	2
Mr. M Lakshminarayan	-do-	4	Yes	-	5	1	1
Dr. T Mukherjee	-do-	5	Yes	-	6	-	2
Mrs. Anita Ramachandran <sup>2</sup>	-do-	3	NA	-	4	-	3

NA – Not Applicable

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

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

<sup>1</sup> - Retired from directorship w.e.f. January 23, 2013.

<sup>2</sup> - Co-opted as additional director at the Board meeting held on October 15, 2012.

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 (cond.)**

The board and audit committee meeting annual calendars are circulated in advance to the directors, to facilitate them in attending the meetings. The directors are provided with detailed agenda for the meetings along with necessary annexures to effectively participate in discussions. The Company has a post board meeting review mechanism to monitor and follow up the effective execution of the decisions, directions or suggestions of the Board and its Committees, by the management.

**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 as on March 31, 2013 is as follows:

Mr. M Lakshminarayan	Chairman - Independent Director
Mr. P S Kumar	Member - Independent Director
Mr. L Lakshman	Member - Non-Executive Director
T Mukherjee *	Member - Independent Director

\* co-opted as member w.e.f March 22, 2013

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

Mrs. S Subha Shree, Secretary of the Company is the Secretary to the Committee.

The Committee met Four (4) times during the year on May 22, 2012, July 19, 2012, October 15, 2012 and January 23, 2013.

Name of the Director	No. of Meetings Attended
Mr. L Lakshman	4
Mr. P S Kumar	4
Mr. M Lakshminarayan	3
Mr. V Narayanan*	4
Mr. T Mukherjee #	-

\* Retired from directorship w.e.f. January 23, 2013.

# co-opted as member w.e.f March 22, 2013

The Statutory Auditors and the Internal Auditors were present as invitees in all the meetings. The President and the Vice-President-Finance of the Company attended the meetings by invitation. Based on the requirement, other directors attended the meetings by invitation.

In compliance with clause 41 of the Listing Agreement, the Audit committee reviews the quarterly unaudited financial results of the Company. 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 The 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**

During the year 2012-13, the Company has paid sitting fee of Rs.20,000 per meeting to the directors for attending each meeting of the Board and Audit Committee and Rs.2,500 for attending the

## CORPORATE GOVERNANCE (cond.)

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 meetings 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, for the year ended March 31, 2013 are as follows:

Name of the director	Amount (Rs.)
Mr. Harish Lakshman	1,10,000
Mr. V. Narayanan *	1,60,000
Mr. P.S. Kumar	1,85,000
Mr. M.Lakshminarayan	1,40,000
Dr. T. Mukherjee	1,00,000
Mrs. Anita Ramachandran **	60,000

Commission of Rs.30,14,252 is payable for the year 2012-13 to Mr. L Ganesh, Chairman in accordance with the approval of shareholders vide special resolution passed at the Annual General Meeting held on July 11, 2012.

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

During the year, Mr. S Parthasarathy, was appointed as "Manager" under the Companies Act, 1956 with effect from April 1, 2012 for a period of three years. There is no severance fee payable to the Manager.

Remuneration Committee constituted under the provisions of the Schedule XIII of the Companies Act, 1956 and clause 49 of the Listing Agreement, comprises the following directors as its members:

Mr. V Narayanan, Chairman\*  
Mr. L Ganesh, Member  
Mr. P S Kumar, Member  
Dr. T Mukherjee, Member

The Remuneration Committee met on July 19, 2012 to approve the remuneration payable to Mr. S Parthasarathy, Manager of the Company.

\* Mr.V Narayanan director retired from the board on January 23, 2013

\*\* Mrs. Anita Ramachandran joined the board on October 15, 2012

## 5. Code of Conduct

During the year, the Company has strengthened the code of conduct applicable for the Board Members and Senior Management of the Company. The same has been posted on the website of the Company URL: <http://rane.co.in/pdf/coc.pdf>. The Board Members and Senior Management Personnel have affirmed their compliance with the code of conduct. Declaration from the Chief Executive Officer to this effect forms part of this report.

The Board of Directors has also laid down a code of conduct for prevention of insider trading. The designated persons have disclosed their shareholding and their dependent relatives' shareholding, if any, in a prescribed form as laid down under the Rane Group's code of conduct for prevention of Insider Trading.

## 6. Investors' Service Committee

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

Mr. L Lakshman - Chairman  
Mr. Harish Lakshman  
Mr. P S Kumar

Mrs. Subha Shree, Secretary of the Company is the Secretary to the Committee and also acts as compliance officer of the Company.

The Committee met two (2) times during the year on October 15, 2012 and January 23, 2013.

Name of the Director	No. of Meetings attended
Mr. L Lakshman	2
Mr. Harish Lakshman	2
Mr. P S Kumar	2

During the year, the Company has received five investor complaints and all were disposed off. The complaints pertain to non-receipt of dividend, non-receipt of share certificates and transmission of shares. The complaint relating to transmission of shares was received from SEBI Complainants Redress System (SCORES). Action taken report, as required under SCORES has been duly submitted. No complaint was received from Stock Exchanges / Ministry of Corporate Affairs. No investor complaints were pending unresolved at the year end.

## CORPORATE GOVERNANCE (cond.)

### 7. General Body Meetings

Details of last three Annual General Meetings are as under:

Date of AGM	Special Resolutions Passed	Time	Venue
July 11, 2012 (8 <sup>th</sup> AGM)	1. Appointment of Mr Parthasarathy as 'Manager' 2. Approval of payment of commission to Mr. L. Ganesh, Chairman	10.30 a.m	The Music Academy (Mini Hall), New No.168, T.T.K Road, Royapettah, Chennai 600 014.
July 19, 2011 (7 <sup>th</sup> AGM)	1. Re-appointment of Mr Harish Lakshman as 'Manager' 2. Approving the appointment of Mr Aditya Ganesh as Graduate Engineer Trainee, in terms of Section 314(1)(b) of Companies Act, 1956.	10.30 a.m.	Narada Gana Sabha (Main Hall), No.314, TTK Road, Royapettah, Chennai 600 018.
July 19, 2010 (6 <sup>th</sup> AGM)	Payment of Commission to Mr. L Ganesh, Chairman	10.15 a.m.	The Music Academy (Mini Hall), New No.168, T.T.K 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 2012-13.

### 8. Disclosures

During the year, the Company had not entered into any transaction of material nature with any of the promoters, directors, management or relative etc., which were in conflict with the interest of the Company. The details of the Related Party transactions as stated in Note 26 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 CEO and CFO of the Company have certified to the Board on the

integrity of the financial statements, effectiveness of internal controls and significant changes in internal control /accounting policies during the year as required under clause 49 (V) of the Listing Agreement.

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

- maintaining an office for the Chairman at the registered office of the Company.
- individual communication of half-yearly results to shareholders.
- Whistle blower mechanism:

During the year, the Company has adopted a formal Whistle Blower Policy. This policy provides the mechanism for reporting with reliable information on any improper or unethical practices or actions which are violative (actual or potential) of the code of the Company by any employee or others dealing with the Company. It also addresses the protection of whistle blower who makes protected disclosures under the policy. The Whistle Blower policy has also been posted in the Company's website URL: <http://rane.co.in/rmlpolicy.html>.

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 list 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 "Makkal Kural" (Tamil). The financial results and the shareholding pattern were uploaded in the website of the stock exchanges and the Company viz. <http://rane.co.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 a part of the Annual Report.

# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

### 10. General Shareholder Information

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

Name of the director	Mr. L Lakshman	Mr. Harish Lakshman	Mrs. Anita Ramachandran
Father's Name	Mr. L L Narayan	Mr. L. Lakshman	Mr. Ediyathumangalam Narayanan Ramadoss
Date of birth	July 17, 1946	February 12, 1974	April 28, 1955
Educational Qualifications	B.E., Executive MBA from London Business School	B.E., MSM	M.B.A (Finance) Jamanlal Bajaj Institute, Mumbai
Experience	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Mr. Harish Lakshman has 14 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Limited.	Mrs. Anita Ramachandran has over 30 years of experience as a management consultant.
Date of appointment	March 31, 2004	March 31, 2004	October 15, 2012
Other Directorships	<ol style="list-style-type: none"> <li>1. Rane Brake Lining Limited</li> <li>2. Rane Engine Valve Limited</li> <li>3. Rane TRW Steering Systems Limited</li> <li>4. Rane NSK Steering Systems Limited</li> <li>5. Rane Holdings Limited</li> <li>6. Kar Mobiles Limited</li> <li>7. JMA Rane Marketing Limited</li> <li>8. Force Motors Limited</li> <li>9. DCM Engineering Limited</li> <li>10. Automotive Stampings and Assemblies Limited</li> <li>11. Tata AutoComp Systems Limited</li> <li>12. SRF Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Rane TRW Steering Systems Limited</li> <li>2. Rane Holdings Limited</li> <li>3. Rane Brake Lining Limited</li> <li>4. Rane Engine Valve Limited</li> <li>5. Rane NSK Steering Systems Limited</li> <li>6. Rane Diecast Limited</li> <li>7. JMA Rane Marketing Limited</li> <li>8. SasMos HET Technologies Ltd.</li> <li>9. Savithur Enterprises Private Limited</li> <li>10. HL Hill Station Properties Pvt. Ltd.</li> <li>11. Broadvision Perspective India Pvt. Ltd.</li> <li>12. Broadvision Services Private Limited.</li> <li>13. Rane Holdings America Inc.</li> </ol>	<ol style="list-style-type: none"> <li>1. HCL Infosystems Limited</li> <li>2. Geometric Limited</li> <li>3. Godrej &amp; Boyce Mfg. Co. Ltd.</li> <li>4. Force Motors Limited</li> <li>5. Cerebus Consultants Private Limited</li> <li>6. Swadhaar FinServe Private Limited</li> </ol>
Committee Memberships	<p><b>Chairman– Audit</b></p> <ol style="list-style-type: none"> <li>1. Rane TRW Steering Systems Limited</li> <li>2. Rane NSK Steering Systems Limited</li> </ol> <p><b>Member – Audit</b></p> <ol style="list-style-type: none"> <li>1. Kar Mobiles Limited</li> <li>2. Rane Engine Valve Limited</li> <li>3. Rane (Madras) Limited</li> <li>4. Automotive Stampings and Assemblies Limited</li> <li>5. SRF Limited</li> <li>6. Tata AutoComp Systems Limited</li> <li>7. DCM Engineering Limited</li> </ol> <p><b>Chairman - Investors' Service</b></p> <ol style="list-style-type: none"> <li>1. Rane (Madras) Limited</li> </ol>	<p><b>Member – Audit</b></p> <ol style="list-style-type: none"> <li>1. Rane Diecast Limited</li> </ol> <p><b>Chairman – Investors' Services</b></p> <ol style="list-style-type: none"> <li>1. Rane Brake Lining Limited</li> <li>2. Rane Holdings Limited</li> </ol> <p><b>Member – Investors' Service</b></p> <ol style="list-style-type: none"> <li>1. Rane (Madras) Limited</li> </ol>	<p><b>Member – Audit</b></p> <ol style="list-style-type: none"> <li>1. Geometric Limited</li> <li>2. Godrej &amp; Boyce Mfg. Co. Limited.</li> <li>3. HCL Infosystems Limited</li> <li>4. Swadhaar FinServe Private Limited</li> </ol> <p><b>Chairperson - Compensation</b></p> <ol style="list-style-type: none"> <li>1. Swadhaar FinServe Private Limited</li> </ol> <p><b>Chairperson- Employees Compensation &amp; Satisfaction</b></p> <ol style="list-style-type: none"> <li>1. HCL Infosystems Limited</li> </ol>
Number of shares held	Nil	750	Nil

**CORPORATE GOVERNANCE (cond.)****ii. Annual General Meeting****July 18, 2013 at 10.15 a.m.**The Music Academy ( Mini Hall), New No. 168, TTK Road,  
Royapettah, Chennai - 600 014.**iii. Financial Year – 1<sup>st</sup> April to 31<sup>st</sup> March**

Financial Calendar:

Board meeting for approval of	Tentative Date
Annual Accounts for the year ended March 31, 2013	May 22, 2013
Un-audited results for the 1st quarter ending June 30, 2013	July 18, 2013
Un-audited results for the 2nd quarter ending September 30, 2013	October 18, 2013
Un-audited results for the 3rd quarter ending December 31, 2013	January 22, 2014
Annual Accounts for the year ending March 31, 2014	By fourth week of May 2014

**iv. Book Closure & Dividend:**

The book closure period is from **July 13, 2013** (Saturday) to **July 18, 2013** (Thursday) (both days inclusive).

**Dividend:**

During the year, the Board of Directors declared an interim dividend of Rs.2/- per equity share and the same was paid on February 7, 2013 to all eligible shareholders whose name appeared in the Register of Members of the Company on February 2, 2013.

The Board of directors at its meeting held on May 22, 2013, has recommended a final dividend of Rs.5/- per equity share. The dividend, if declared by the shareholders, will be paid on July 26, 2013 to all those members whose name appear in the Register of Members as on July 18, 2013 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 12, 2013.

**v. Listing on Stock Exchanges:**

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

**Listing Fee:** Annual Listing fees for the financial year 2013-14 have been paid to both the above stock exchanges.

**vi. Unpaid / Unclaimed Dividends:**

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

During the year, the Company had transferred to IEPF an unclaimed dividend amount of Rs.37,309 for the financial year ended March 31, 2005 and an unclaimed interim dividend amount of Rs.1,16,524 for the financial year ended March 31, 2006. The Company has sent reminder letters to each of the shareholder's whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividend due for transfer to the said fund is given below:



# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

Year	Date of declaration	Dividend per share# (Rs.)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2013) (Rs.)	Last Date for claiming unpaid dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2006	21.07.2006	1.50	41,027.00	24.08.2013	22.09.2013
31.03.2007 *	23.01.2007	2.00	51,410.00	27.02.2014	28.03.2014
31.03.2007 *	20.03.2007	2.00	56,298.00	25.04.2014	24.05.2014
31.03.2008 *	17.03.2008	6.00	1,70,772.00	21.04.2015	21.05.2015
31.03.2009**	-	-	-	-	-
31.03.2010 *	18.01.2010	2.50	1,09,905.00	22.02.2017	23.03.2017
31.03.2010	19.07.2010	2.00	91,402.00	23.08.2017	22.09.2017
31.03.2011 *	21.01.2011	4.50	1,81,048.50	25.02.2018	26.03.2018
31.03.2011	19.07.2011	2.50	1,12,580.00	22.08.2018	20.09.2018
31.03.2012 *	27.01.2012	4.50	2,51,493.00	01.03.2019	30.03.2019
31.03.2012	11.07.2012	4.00	1,94,548.00	15.08.2019	13.09.2019
31.03.2013 *	23.01.2013	2.00	10,836.00	26.02.2020	26.03.2020

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

Note : \* - Interim Dividend

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

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on July 11, 2012 in accordance with the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012. The above details were also uploaded in the website of the Company viz. <http://rane.in>.

### vii. Unclaimed Share Certificate

The Company had sent reminder letters to the shareholders whose physical share certificates remain unclaimed with the Company. Based on the response from such shareholders, the Company will transfer the unclaimed shares into one folio in the name of 'RML Unclaimed Suspense Account' (Demat Account) as per the provisions of clause 5A (II) of the Listing Agreement.

### viii. Green Initiative

The Ministry of Corporate Affairs ("MCA") has taken a "Green initiative in the corporate governance" by allowing companies to make paperless compliances and service of notice / documents including annual reports to the shareholders of the Company through electronic mode. As a responsible corporate citizen, your Company welcomes and supports the Green Initiative taken by the MCA, as this will reduce paper consumption to a great extent and allow the members to contribute towards a greener environment. This will also ensure prompt receipt of communication and avoid loss in postal transit.

During last year, the shareholders of the Company whose e-mail addresses were registered with the Company / Depository Participants (DPs) and who have opted to receive the documents in electronic mode and not in physical mode were provided with a link to the annual report of the Company via., e-mail. In order to support this initiative, members are requested to register their e-mail addresses, with the DPs, in case shares are held in dematerialized form and with the Registrar and Transfer agent, in case the shares are held in physical form.

## CORPORATE GOVERNANCE (cond.)

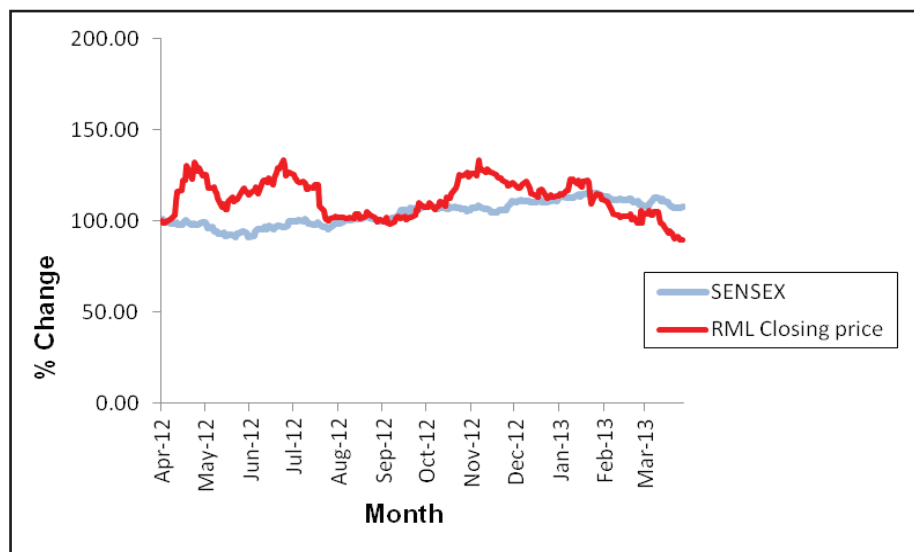
### ix. Share Price Data

The share price data (based on closing price) as quoted on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. during the last financial year viz. April 1, 2012 - March 31, 2013, 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 2012	153.85	130.40	153.70	130.50
May 2012	163.10	140.65	163.40	140.40
June 2012	154.00	122.50	153.90	122.70
July 2012	129.00	122.00	128.75	121.75
August 2012	134.40	121.00	134.60	120.60
September 2012	154.90	130.65	155.25	130.05
October 2012	164.30	146.15	163.85	146.15
November 2012	147.80	138.00	148.95	138.05
December 2012	151.30	135.15	150.85	134.25
January 2013	137.10	121.00	137.15	121.00
February 2013	153.85	130.40	153.70	130.50
March 2013	131.00	108.50	129.40	110.12

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

### Performance of share price of the Company vs BSE Sensex



Note: Both BSE Sensex and RML share prices are indexed to 100 as on April 1, 2012.



# Rane (Madras) Limited

## CORPORATE GOVERNANCE (cond.)

### x. Registrar and Transfer Agents

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

**Integrated Enterprises (India) Ltd.,**

II Floor, 'Kences Towers',

No.1, Ramakrishna Street, North Usman Road,

T. Nagar, Chennai – 600 017.

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

e-mail: [corpserv@iepindia.com](mailto:corpserv@iepindia.com),

Name of the contact person:

Mr. K. Suresh Babu, Vice President.

### xi. 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 15 days from the date of receipt by the Registrar and Transfer Agents (RTA). Requests for dematerialisation are generally confirmed on a weekly basis by the RTA.

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.

### xii. Distribution of shareholding as on March 31, 2013

No. of shares held	Shareholders		Shares held	
	Number	% to total	Number	% to total
Up to 500	5,432	81.94	6,52,821	6.42
501-1000	475	7.17	3,82,839	3.77
1,001-2,000	311	4.69	4,72,526	4.65
2,001-5,000	252	3.80	8,32,345	8.19
5,001-10,000	91	1.37	6,54,804	6.44
10,001-20,000	39	0.59	5,52,716	5.44
20,001-50,000	24	0.36	6,46,810	6.36
50,001-1,00,000	2	0.03	1,60,543	1.58
1,00,001 & above	3	0.05	58,08,741	57.15
<b>Total</b>	<b>6,629</b>	<b>100.00</b>	<b>1,01,64,145</b>	<b>100.00</b>

### xiii. Pattern of shareholding as on March 31, 2013

Sl. No.	Category	As on March 31, 2013			As on March 31, 2012		
		No. of Shareholders	No. of Shares	% to total capital	No. of Shareholders	No. of Shares	% to total capital
A	Promoters	18	56,26,404	55.36	18	56,26,404	55.36
B	Mutual Funds & UTI	-	-	0.00	1	1,56,211	1.54
C	Banks	3	350	0.00	4	400	0.00
D	Private Corporate Bodies	160	4,49,319	4.42	161	5,01,650	4.94
E	Indian Public and others	6,379	40,14,446	39.50	6,593	38,22,897	37.61
F	Non-Resident Indians	69	73,626	0.72	78	56,583	0.56
	<b>Total</b>	<b>6,629</b>	<b>1,01,64,145</b>	<b>100.00</b>	<b>6,855</b>	<b>1,01,64,145</b>	<b>100.00</b>

### xiv. Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of the shares held by investors. The shares of the Company are compulsorily traded in dematerialised form. As of March 31, 2013, about 97.20% of the shareholdings have been dematerialised.

**CORPORATE GOVERNANCE (cond.)**

Comparative chart of physical and demat holdings for the current and previous financial year is given below:

Particulars	Number of shares		% total capital	
	As on March 31, 2013	As on March 31, 2012	As on March 31, 2013	As on March 31, 2012
Physical	2,84,634	2,90,168	2.80	2.85
Demat	98,79,511	98,73,977	97.20	97.15
<b>Total</b>	<b>1,01,64,145</b>	<b>1,01,64,145</b>	<b>100.00</b>	<b>100.00</b>

The equity shares held by the Promoter & Promoter group in the Company have been fully dematerialised.

Demat ISIN Number: **INE 050H01012**

Corporate Identification Number (CIN) : **L65993TN2004PLC052856**

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

**xvi.Address for communication:**

Mrs. S. Subha Shree  
Compliance Officer  
Rane (Madras) Limited  
Rane Corporate Centre,  
"Maithri" 132, Cathedral Road,  
Chennai 600 086.  
Phone: 28112472, Fax: 28112449  
E-mail: [investorservices@rane.co.in](mailto: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](mailto:corpserv@iepindia.com)

# Rane (Madras) Limited

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
Rane (Madras) Limited

We have examined the compliance of conditions of Corporate Governance by Rane (Madras) Limited ("the Company") for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of 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.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration Number : 008072S

Place : Chennai  
Date : May 22, 2013

**Geetha Suryanarayanan**  
Partner  
Membership Number : 29519

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To

The Members  
Rane (Madras) Limited

### **Declaration by Chief Executive Officer on Code of Conduct under clause 49 of the Listing Agreement**

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2013.

Chennai  
May 22, 2013

**S Parthasarathy**  
President

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANE (MADRAS) LIMITED**

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**Report on the Financial Statements**

We have audited the accompanying financial statements of **RANE (MADRAS) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:

# Rane (Madras) Limited

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- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- e. On the basis of written representations received from the directors as at March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Chennai  
May 22, 2013

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses 4(x), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xviii), 4(xix) and 4(xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the assets in a phased manner 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 program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and have been properly dealt with in the books of account.
- (iv) (A) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted loan in the form of Interest Free Loans aggregating Rs. 0.75 crores to one party during the year. At the year end, the outstanding balance of such loan is Rs. 0.75 crores and the maximum amount involved during the year was Rs. 0.75 crores.
  - (b) The other terms and conditions of such loan is, in our opinion, *prima facie*, not prejudicial to the interest of the Company.
  - (c) The receipt of principal amounts has been regular.
  - (d) There were no overdue amounts at the year end, on this account.
- (B) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered in the Register maintained under the said Section have been so entered.

# Rane (Madras) Limited

## ANNEXURE TO AUDITORS' REPORT (Contd...)

- (b) Where each of such transaction (excluding loans reported under paragraph (iv) above) is in excess of Rs. 5 lakhs in respect of any party, having regard to the explanations that some of the services availed are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 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 the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employee's State Insurance, Investor Education and Protection Fund, Income-Tax, Sales Tax, VAT, Service Tax, Customs Duty, Excise Duty, Wealth Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Investor Education and Protection Fund, Income-Tax, Sales Tax, VAT, Service Tax, Customs Duty, Excise Duty, Wealth Tax, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
- (c) Details of Excise Duty and Income Tax which have not been deposited as at March 31, 2013 on account of disputes are given below:

Statute	Nature of Dues	Amount Involved (Rs. in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Act, 1944	Excise Duty	0.08	2006-07; 2007-08	Customs, Excise and Service Tax appellate tribunal
Central Excise Act, 1944	Service Tax	0.17	2005-06; 2006-07	Customs, Excise and Service Tax appellate tribunal
Income Tax Act, 1961	Income Tax	0.31	1996-97	Supreme Court
Income Tax Act, 1961	Income Tax	6.52	2007-08	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	3.62	2008-09	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	0.24	2009-10	Commissioner of Income Tax

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

- |   |   |
|---|---|
| <p>(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not obtained any loans from financial institutions and has not issued any debentures.</p> <p>(xii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.</p> <p>(xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have, <i>prima facie</i>, not been used during the year for long term investment.</p> | <p>(xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.</p> |
|   | <p><b>For DELOITTE HASKINS &amp; SELLS</b><br/>Chartered Accountants<br/>(Firm Registration No. 008072S)</p> <p><b>Geetha Suryanarayanan</b><br/>Partner<br/>Membership No. 29519</p>                               |
|   | <p>Chennai<br/>May 22, 2013</p>   |
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# Rane (Madras) Limited

## BALANCE SHEET AS AT 31 MARCH 2013

	Note	As at 31 March 2013 Rs. Crores	As at 31 March 2012 Rs. Crores
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	2	10.16	10.16
Reserves and surplus	3	119.91	104.90
		130.07	115.06
<b>Non-current liabilities</b>			
Long-term borrowings	4	29.55	39.93
Deferred tax liabilities (Net)	5	6.67	5.40
Other Long term liabilities	6	0.33	0.60
Long-term provisions	7	4.24	4.26
		40.79	50.19
<b>Current liabilities</b>			
Short-term borrowings	8	59.90	57.11
Trade payables	9	99.70	84.21
Other current liabilities	10	22.31	27.27
Short-term provisions	11	8.32	7.19
		190.23	175.78
<b>TOTAL</b>		<b>361.09</b>	<b>341.03</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
Tangible assets		158.68	140.13
Intangible assets		0.37	0.10
Capital work-in-progress		5.79	12.24
		164.84	152.47
Long-term loans and advances	13	14.25	13.05
<b>Current assets</b>			
Inventories	14	65.38	53.94
Trade receivables	15	92.02	110.42
Cash and bank balances	16	10.35	1.58
Short-term loans and advances	17	12.18	9.25
Other current assets	18	2.07	0.32
		182.00	175.51
<b>TOTAL</b>		<b>361.09</b>	<b>341.03</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**L Ganesh**  
Chairman

**Geetha Suryanarayanan**  
Partner

**Harish Lakshman**  
Director

**S Parthasarathy**  
President

**S Subha shree**  
Company Secretary

Place : Chennai  
Date : May 22, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

	Note	Year ended 31 March 2013 Rs. Crores	Year ended 31 March 2012 Rs. Crores
Revenue from operations (Gross)	19	703.15	730.21
Less: Excise Duty		63.28	59.46
Revenue from operations (Net)		639.87	670.75
Other Income	20	1.49	2.36
<b>Total Revenue</b>		<b>641.36</b>	<b>673.11</b>
Expenses :			
Cost of materials consumed	21	411.34	446.95
Changes in inventories of finished goods and work-in-progress	22	(8.69)	(8.56)
Employee benefit expenses	23	69.42	63.14
Finance costs	24	10.97	11.78
Depreciation and amortization expense	12	16.81	13.84
Other expenses	25	111.45	108.60
<b>Total expenses</b>		<b>611.30</b>	<b>635.75</b>
Profit before exceptional item and tax		30.06	37.36
Exceptional items - termination benefit under Voluntary Retirement Scheme		—	0.19
<b>Profit before tax</b>		<b>30.06</b>	<b>37.17</b>
Tax expenses :			
Current tax		6.05	7.65
Deferred tax charge/(credit)		1.27	2.12
MAT credit availed		(0.68)	—
		6.64	9.77
<b>Profit for the year</b>		<b>23.42</b>	<b>27.40</b>
Earnings per equity share (in Rupees)			
Equity shares of Rs.10 each	29		
Basic		23.04	26.95
Diluted		23.04	26.95

See accompanying Notes forming part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**L Ganesh**  
Chairman

**Geetha Suryanarayanan**  
Partner

**Harish Lakshman**  
Director

**S Parthasarathy**  
President

**S Subha shree**  
Company Secretary

Place : Chennai  
Date : May 22, 2013

# Rane (Madras) Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

PARTICULARS		For the Year Ended 31 March 2013 Rs.Crores	For the Year Ended 31 March 2012 Rs.Crores
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit Before Tax	30.06	37.17
	<i>Adjustments for:</i>		
	Depreciation and Amortisation Expense	16.81	13.84
	Profit on sale of assets	(0.20)	(0.19)
	Finance Costs	10.97	11.78
	Interest Income on Bank Deposit	(0.22)	(0.24)
	Liabilities No Longer Required Written Back	-	(0.21)
	Provision for bad and doubtful trade receivables	-	0.22
	Unrealised Exchange (Gain) / Loss	(0.46)	0.01
	<b>Operating Profit before Working Capital / Other Changes</b>	<b>56.96</b>	<b>62.38</b>
	<i>Adjustments for (increase)/decrease in operating assets:</i>		
	Inventories	(11.44)	(1.47)
	Long Term Loans and Advances	(0.26)	(0.29)
	Trade Receivables	19.09	(28.90)
	Short Term Loans and Advances	(2.93)	(1.40)
	Other Current Assets	(1.73)	(0.07)
	<i>Adjustments for increase/(decrease) in operating liabilities:</i>		
	Other Long Term Liabilities	(0.27)	(0.34)
	Long Term Provisions	(0.02)	0.38
	Trade Payables	15.29	5.18
	Other Current Liabilities	(0.43)	(0.21)
	Short Term Provisions	1.13	1.99
	<b>Cash Generated from Operations</b>	<b>75.39</b>	<b>37.25</b>
	Direct Taxes Paid (Net of Refund Received)	(5.02)	(9.18)
	<b>Net Cash Flow From Operations</b>	<b>70.37</b>	<b>28.07</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure (Refer Note below)	(30.85)	(43.79)
	Proceeds from Sale of Fixed Assets	0.61	0.25
	Interest Received on Bank Deposits	0.09	0.21
	Bank balances not considered as Cash & Cash Equivalents	(0.73)	-
	<b>Net Cash Flow Used in Investing Activities</b>	<b>(30.88)</b>	<b>(43.33)</b>

PARTICULARS		For the Year Ended 31 March 2013 Rs.Crores	For the Year Ended 31 March 2012 Rs.Crores
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Long-Term Borrowings	-	11.64
	Repayment of Long-Term Borrowings	(9.87)	(2.89)
	Proceeds from other Short-Term Borrowings	2.75	26.53
	Repayment of other Short-Term Borrowings	-	-
	Proceeds from Fixed Deposits	-	-
	Repayment of Fixed Deposits	(4.62)	(1.59)
	Finance Costs	(11.41)	(11.61)
	Dividend Paid	(7.11)	(9.65)
	Tax on Dividend	(1.19)	(1.57)
	<b>Net Cash Flow Used in Financing Activities</b>	<b>(31.45)</b>	<b>10.87</b>
	<b>Net Increase in Cash and Cash Equivalents (A) + (B) + (C)</b>	<b>8.04</b>	<b>(4.39)</b>
	Cash and Cash Equivalents at the Beginning of the Year	0.98	5.37
	Cash and Cash Equivalents at the End of the Year (Refer Note 16)	9.02	0.98
		<b>8.04</b>	<b>(4.39)</b>

Note:

Capital Expenditure includes payments for items in capital work in progress and advance for purchase of fixed assets. Adjustment for increase / decrease in Current Liabilities related to acquisition of fixed assets to the extent identified.

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**L Ganesh**  
Chairman

**Geetha Suryanarayanan**  
Partner

**Harish Lakshman**  
Director

**S Parthasarathy**  
President

**S Subha shree**  
Company Secretary

Place : Chennai  
Date : May 22, 2013

# Rane (Madras) Limited

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## Notes forming part of the Financial Statements

### Note 1

#### Significant accounting policies

##### 1.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 (the 'Act') and Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' as set out in Note 1.21 below.

All 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 products and the normal time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of its assets and liabilities as current and non-current.

##### 1.2 Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India requires the Management to make estimates and assumptions that affects the reported amounts of assets and liabilities as of the Balance Sheet date, the reported amount of revenue and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in the financial statements are based upon Management's evaluation of relevant facts and circumstances as on the date of the financial statements. Actual results could differ from these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known / materialised.

##### 1.3 Inventories

Inventories are stated at lower of cost or net realisable value. Cost is determined on moving weighted average basis and includes expenditure incurred in the normal course of business in bringing the inventories to its location and condition, labour and overheads, wherever applicable. Inventories are written down for obsolete/slow moving/non-moving items wherever necessary.

##### 1.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

##### 1.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

##### 1.6 Depreciation and Amortisation

Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance except the following categories of assets which are depreciated over their estimated useful lives indicated below:

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

Cost of Leasehold land is amortised over the period of the lease. Leasehold land development costs are amortised over a period of ten years. Assets individually costing Rs.10,000 or less are fully depreciated in the year of addition.

License fees paid for technical assistance are amortised on a straight line basis over the period of the license. Software license fees are amortised on a straight line basis over a period of three years.

**Notes forming part of the Financial Statements****1.7 Revenue recognition**

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

**1.8 Other Income**

Interest income are recognised on accrual basis.

**1.9 Fixed Assets (Tangible / Intangible)**

Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation/amortization, impairment loss, if any, and inclusive of borrowing cost attributable to acquisition of qualifying fixed assets, where applicable, and adjustments for exchange differences referred to in Note 1.10 below. Cost includes inward freight, non-refundable duties/taxes and incidental expenses directly related to acquisition/installation. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**1.10 Foreign currency transactions and translations**

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

At the year end all monetary assets and liabilities denominated in foreign currency are restated at year end exchange rates. The resultant exchange differences arising from settlement of foreign currency transactions and from year end restatement are recognized in the Statement of Profit and Loss except those arising on reporting of long term foreign currency monetary items relating to acquisition of depreciable fixed assets which are adjusted to the carrying amount of such assets and depreciated over the remaining useful life of such assets.

Premium or discount on forward exchange contracts (i.e. the difference between the forward exchange rate and the exchange rate at the date of transaction) is accounted for as income/expense over the life of the contract if such contracts relate to monetary items as at the Balance Sheet date. Profit or loss on cancellation of forward contracts are recognized as income/expense in the Statement of Profit and Loss for the year in which they are cancelled.

**1.11 Export incentives**

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

**1.12 Employee benefits****a. Short term benefits**

Short term Employee Benefits (i.e., benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### **b. Post-employment benefits**

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

#### **i) Provident Fund**

This is a defined contribution plan and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

#### **ii) Superannuation Fund**

This is a defined contribution plan. The Company contributes, based on the options exercised by the eligible employees, a sum equivalent to 5%/10%/15% of eligible employees' applicable salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

#### **iii) Gratuity**

This is a defined benefit plan. The Company's scheme is administered by the LIC. The liability is determined based on year-end actuarial valuation using projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### **c. Other Long term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### **d. Termination benefits**

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

### **1.13 Borrowing costs**

The borrowing costs that are attributable to the acquisition/construction/production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of that asset. All other borrowing costs are charged to revenue.

### **1.14 Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

### **1.15 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**Notes forming part of the Financial Statements****1.16 Taxes on income**

Current tax is provided as the amount of tax payable in respect of taxable income for the year, measured using the applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised only if there is a virtual/reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

**1.17 Research and development expenses**

Revenue expenditure on Research and Development is charged off in the year in which it is incurred. Capital expenditure on Research and Development is included under Fixed Assets.

**1.18 Impairment of assets**

The carrying amounts of fixed assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of the Company (being a single cash generating unit) exceeds the recoverable amount (i.e. higher of net selling price and value in use). In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over their remaining useful lives.

**1.19 Provisions and contingencies**

Provisions are recognised when the Company has a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**1.20 Provision for warranty**

Product warranty provisions cover the estimated liability to repair or replace products still under warranty on the Balance Sheet date and is determined by applying historical experience levels of repairs and replacements developed by using the percentage (of aggregate warranty claims on aggregate eligible sales of past three years) applied on aggregate of current year and previous year's eligible sales. Product warranty liability is generally extended for a period of one to two years from the date of sale.

**1.21 Derivative contracts [other than forward exchange contracts covered under AS 11 (refer Note 1.10 above)]**

The Company uses derivative financial instruments such as foreign exchange forward contracts, option contracts, currency and interest rate swaps to hedge its exposure in movements in foreign exchange rates and interest rates relating to underlying transaction. These forward, option, currency and interest rate swap contracts are not used for trading/speculation purposes.

The Company adopted in an earlier year Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing mandatory applicable Accounting Standards and other relevant regulatory requirements.

In the case of forward and option contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in reserves (under the "Hedging Reserve Account", net of applicable deferred income taxes) and are reclassified into the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit or loss. However, the ineffective portion of the cash flow hedges, are recognized in the Statement of Profit and Loss as it arises.



# Rane (Madras) Limited

## Notes forming part of the Financial Statements

The Company recognizes gains or losses from changes in fair values of forward, option, currency and interest rate swap contracts that are not designated in a hedge relationship through the Statement of Profit and Loss in the period in which they arise.

### 1.22 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## Note 2

### Share Capital

(i) Authorised :

1,10,00,000 Equity Shares of Rs.10 each with voting rights

45,00,000 - 13.5% Cumulative Redeemable Preference Shares of Rs. 10 each

(ii) Issued, Subscribed and Fully Paid Up:-

1,01,64,145 Equity Shares of Rs.10 each with voting rights

(iii) Number of Shares held by Holding Company

– Rane Holdings Limited

(iv) Number of Equity Shares outstanding as at the beginning of the period

Number of Equity Shares outstanding as at the end of the period

(v) Shares in the Company held by each shareholder holding more than 5 per cent shares

– Rane Holdings Limited

(vi) Rights, preferences and restrictions attached to Equity Shares mentioned above:

The company has only 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 case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

As at 31 March 2013		As at 31 March 2012	
<b>Rs. Crores</b>	<b>11.00</b>	Rs. Crores	11.00
<b>Rs. Crores</b>	<b>4.50</b>	Rs. Crores	4.50
<b>Rs. Crores</b>	<b>10.16</b>	Rs. Crores	10.16
<b>Nos.</b>	<b>54,73,369</b>	Nos.	54,73,369
<b>Nos.</b>	<b>1,01,64,145</b>	Nos.	1,01,64,145
<b>Nos.</b>	<b>1,01,64,145</b>	Nos.	1,01,64,145
<b>Nos.</b>	<b>54,73,369</b>	Nos.	54,73,369
	<b>53.85%</b>		53.85%

## Notes 3

### Reserves and surplus

Rs. Crores

Reserves	Balance as at 31 March 2012	Additions	Deductions	Balance as at 31 March 2013
Capital Subsidy	0.30	-	-	<b>0.30</b>
Capital Redemption Reserve	4.50	-	-	<b>4.50</b>
Securities Premium Account	3.57	-	-	<b>3.57</b>
Hedge Reserve Account	0.11	-	0.11	<b>0.00</b>
General Reserve	55.49	2.35	-	<b>57.84</b>
<b>Total</b>	<b>63.97</b>	<b>2.35</b>	<b>0.11</b>	<b>66.21</b>

## Notes forming part of the Financial Statements

Surplus in Statement of Profit and Loss	As at 31 March 2013 Rs. Crores	As at 31 March 2012 Rs. Crores
Balance as at the beginning of the year	40.93	27.49
Add:		
Profit for the year as per Statement of Profit and Loss	23.42	27.40
Less: Appropriations		
Interim Dividend on Equity Shares @ 20% (previous year @ 55%)	2.03	5.59
Proposed Final Dividend on Equity Shares @50% (previous year @ 40%)	5.08	4.06
Tax on dividends	1.19	1.57
Transfer to General Reserve	2.35	2.74
	10.65	13.96
<b>Balance as at the end of the year</b>	<b>53.70</b>	<b>40.93</b>
<b>Total Reserves and Surplus</b>	<b>119.91</b>	<b>104.90</b>

### Note : 4

#### Long-term Borrowings

##### Secured

External Commercial Borrowings from Banks	36.11	45.64
Less: Current maturities of Long Term Debt referred to in Note 10	11.64	9.54
	24.47	36.10

##### Unsecured

Term Loans from Banks	0.85	1.19
Less: Current maturities of Long Term Debt referred to in Note 10	0.34	0.34
	0.51	0.85

##### Fixed Deposits :

From Related Parties	0.37	0.53
From others	5.74	10.20
Less: Current maturities of Long Term Debt referred to in Note 10	1.54	7.75
	4.57	2.98
	29.55	39.93

The details of the interest rate, tenor, repayment terms, nature of security etc., of the long term borrowings are as under:

#### (i) External Commercial Borrowings from Banks

In respect of the ECB loans obtained, the Company has hedged it by cross currency swap arrangement whereby the principal and interest amount thereon have been swapped and firmed up into Indian Rupees at a fixed rate of interest. These arrangements have been recognized and the amount of borrowings has been stated in the books in Rupee values as per the said arrangement.

#### Nature of Security

Long-term loans from Standard Chartered Bank (SCB) and DBS Bank Limited (DBS) are secured on a *pari passu* basis by a first charge created on the Company's immovable properties both present and future and are also secured by hypothecation of the Company's movable properties both present and future, subject to prior charge on the book debts and inventories in favour of the bankers for working capital facilities.

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Terms of Repayment

- SCB - ECB loan amounting to Rs 14.45 crores is repayable in 16 equal quarterly installments commencing from February 2012 along with interest at the rate of 8.85% per annum. The balance outstanding as at 31 March 2013 is Rs.9.94 crores (As at 31 March 2012 - Rs. 13.55 crores).
- SCB-ECB loan amounting to Rs 16.80 crores is repayable in 16 equal quarterly installments commencing from December 2012 along with interest at the rate of 7.95% per annum. The balance outstanding as at 31 March 2013 is Rs. 14.70 crores (As at 31 March 2012 - Rs.16.80 crores) .
- DBS - ECB loan amounting to Rs 15.29 crores is repayable in 8 equal half yearly installments commencing from September 2012 along with interest at the rate of 8.98% per annum. The balance outstanding as at 31 March 2013 is Rs.11.47 crores (As at 31 March 2012 - Rs.15.29 crores).

### (ii) Unsecured Term Loans from Banks

Term Loan from IDBI Bank Limited amounting to Rs 1.70 crores is repayable in 20 equal quarterly installment commencing from October 2010 along with interest at the rate of 14.25% per annum. The balance outstanding as at 31 March 2013 is Rs.0.85 crores (As at 31 March 2012 Rs.1.19 crores).

### (iii) Fixed deposits

Fixed Deposits are accepted for 2 or 3 years on cumulative/ non-cumulative basis

**Rs. Crores**

Amounts maturing from Balance Sheet date	As at 31 March 2013 Rs. crores	As at 31 March 2012 Rs. crores
Within one year	1.54	7.75
After one year and upto two years	1.97	1.62
After two years and upto three years	2.60	1.36
	6.11	10.73

### Rate of Interest

### Interest Payable Quarterly

Cumulative/ Non-Cumulative deposit scheme	As at 31 March 2013	As at 31 March 2012
For 2012 Scheme		
for 2 Years	9% p.a.	9% p.a.
for 3 Years	9.50% p.a.	9.50% p.a.
For 2013 Scheme		
for 2 Years	9.50% p.a.	-
for 3 Years	9.50% p.a.	-
Additional interest of 0.5% p.a. is paid to employees / retired employees of Rane Group		

## Notes forming part of the Financial Statements

### Note : 5

#### Deferred Tax Liabilities (Net)

##### (i) Liability:

Difference between book and tax written down value of Depreciable Assets

- In respect of which the difference between book and tax written down value will reverse at the expiry of the tax holiday period
- Others

##### (ii) Assets:

Provision for expenses allowable on payment basis

Termination benefit under Voluntary Retirement Scheme

Others

#### Net Deferred Tax Liability

### Note : 6

#### Other Long term liabilities

Termination benefit under Voluntary Retirement Scheme

### Note : 7

#### Long term provisions

Provision for employee benefits :

- Provision for compensated absences

Provision for Product warranty (Refer Note : 11)

### Note : 8

#### Short-term borrowings

##### Secured Loans from Banks \*

Loans repayable on demand

Other loans

##### Unsecured Loan from banks

Loans repayable on demand

	As at 31 March 2013 Rs. Crores	As at 31 March 2012 Rs. Crores
	2.01	1.05
	11.35	9.52
	13.36	10.57
	(2.25)	(2.70)
	(1.52)	(2.10)
	(2.92)	(0.37)
	(6.69)	(5.17)
	6.67	5.40
	0.33	0.60
	0.33	0.60
	2.88	2.20
	1.36	2.06
	4.24	4.26
	0.23	24.62
	59.67	23.11
	–	9.38
	59.90	57.11

\* Secured loans include cash credit, packing credit, commercial paper and working capital demand loan from banks and are secured on a pari passu basis by a first charge by way of hypothecation of inventories and book debts and are also secured by a second charge on all immovable properties and movable fixed assets of the Company both present and future.

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note : 9

#### Trade payables

	As at 31 March 2013 Rs. Crores	As at 31 March 2012 Rs. Crores
Acceptances	20.11	18.15
Other than Acceptances :		
Due to Micro and Small Enterprises (Refer (i) below)	11.98	5.12
Others	67.61	60.94
	<b>79.59</b>	66.06
	<b>99.70</b>	84.21

#### Micro and Small Enterprises :

- i. The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure required under Section 22 of the Act is given below:

The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act:		
– Principal	11.85	5.09
– Interest	0.13	0.03
The amount of interest paid in terms of Section 16 of MSMED Act along with the amount of payment made to suppliers beyond the appointed day during the year		
– Principal	-	22.16
– Interest	-	0.41
The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act:		
– Principal	15.44	-
– Interest	0.13	-
The amount of interest accrued and remaining unpaid at the end of the year (including Rs.0.03 (Previous year Rs. Nil) being interest outstanding as at the beginning of the accounting year)	0.13	0.03
The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED Act:	0.13	0.03

## Notes forming part of the Financial Statements

### Note : 10

#### Other current liabilities

	As at 31 March 2013 Rs. Crores	As at 31 March 2012 Rs. Crores
Current maturities of Long term debt (Refer Note: 4)	13.52	17.63
Interest accrued but not due on borrowings	0.70	1.14
Unpaid dividend *	0.13	0.11
Unpaid matured deposits and interest accrued thereon *	0.06	0.08
Others :		
Commission payable to Chairman	0.30	0.37
Statutory dues (incl. Provident Fund, Excise Duty and TDS)	3.97	4.21
Payables on purchase of fixed assets	0.46	1.90
Security deposit received	0.22	0.18
Tooling advance received from customers	-	0.07
Gratuity	2.95	1.58
	7.90	8.31
	22.31	27.27

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 as at the year end.

### Note : 11

#### Short-term provisions

Provision for employee benefits :		
Provision for compensated absences	0.27	0.41
Others		
Provision for Product warranty *	2.11	2.06
Proposed dividend on Equity Shares	5.08	4.06
Tax on proposed dividend	0.86	0.66
	8.05	6.78
	8.32	7.19
* Movement in Provision for Product Warranty (Also refer Note 7)		
Balance at the beginning of the year	4.12	3.69
Provision made during the year	1.76	2.06
Provision used against claims settled during the year	2.41	1.63
Balance at the end of the year	3.47	4.12

## Fixed Assets

## Fixed Assets

Rs. Crores

46

## Fixed Assets

[illegible]

\* Represents cost of capital tooling which were included under Inventory upto 31 March 2011.



# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note : 13

#### Long Term Loans and Advances

(Unsecured considered good)

Capital Advances	5.03	3.74
Security deposits	1.30	1.17
Claims receivable	0.23	0.85
Interest free loan to Related Party (Rane Foundation)	0.75	-
Advance Income Tax [Net of Provision for tax Rs.40.45 crores (previous year Rs.39.28 crores)]	6.26	7.29
MAT credit entitlement	0.68	-
	<b>14.25</b>	<b>13.05</b>

### Note : 14

#### Inventories (Valued at Lower of Cost and Net Realisable value)

Raw Materials and Components [includes Goods-in-transit Rs. Nil (Previous year Rs.0.28 crores)] *	15.80	13.74
Work-in-Progress *	11.26	13.50
Finished Goods *	31.79	20.86
Stores and Spares	6.53	5.84
	<b>65.38</b>	<b>53.94</b>

\* Refer Note: 30

### Note : 15

#### Trade Receivables

(Unsecured)

Outstanding for a period exceeding six months  
from due date for payment

Considered doubtful	0.89	0.50
Less: Provision for doubtful receivables	0.89	0.50
	-	-

Other debts :

Considered good	92.02	110.42
Considered doubtful	0.19	0.63
Less: Provision for doubtful receivables	0.19	0.63
	-	-
	<b>92.02</b>	<b>110.42</b>

### Note : 16

#### Cash and Bank balances

Cash and Cash equivalent

Cash on hand	0.05	0.05
Bank balance in current accounts	5.72	0.93
Cheques on hand	3.25	-
	<b>9.02</b>	<b>0.98</b>

Other bank balances

Capital Gain scheme account	0.01	0.01
Deposit account	1.17	0.43
	<b>1.18</b>	<b>0.44</b>

Earmarked Accounts

Unpaid Dividend accounts	0.13	0.11
Interest warrant accounts	0.02	0.05
	<b>0.15</b>	<b>0.16</b>
	<b>10.35</b>	<b>1.58</b>

## Notes forming part of the Financial Statements

### Note : 17

#### Short term loans and advances (Unsecured)

##### Considered good

Interest free loan to Related Party (Rane Foundation)	-
Advance Fringe Benefits Tax [Net of Provision is Nil (previous year Rs.1.75 crores)]	-
Prepaid expenses	1.58
Advance to suppliers	3.49
Loans to employees	0.16
Deposits with Government authorities	1.30
Balance with Customs and Excise Authorities	2.90
Export Entitlements	2.15
Claims receivable	0.43
Other Deposits	0.17

##### Considered doubtful

Advance to Suppliers	0.54
Less: provision for doubtful loans and advances	0.54

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

### Note : 18

#### Other current assets

Interest accrued on bank deposits	0.22
Derivative assets	-
Unamortised finance costs	0.31
Insurance claims receivable	0.94
Tooling income receivables	0.60

### Note : 19

#### Revenue from Operations

Sale of Products *	686.39
Less : Excise Duty	62.12
Net Sale of Products	624.27
Other operating revenues :	
Sale of Scrap	10.62
Less : Excise Duty	1.02
	9.60
Sale of raw materials	1.34
Less : Excise Duty	0.14
	1.20
Duty Draw Back	1.95
Tooling Income	1.97
Other claims	0.88
Net other operating revenues	15.60

\* Refer Note: 32

As at 31 March 2013 Rs. Crores	As at 31 March 2012 Rs. Crores
	0.75
	*
	1.04
	2.41
	0.19
	0.92
	2.30
	1.40
	0.07
	0.17
12.18	9.25
0.54	0.54
0.54	0.54
-	-
12.18	9.25
0.22	0.09
-	0.11
0.31	0.07
0.94	0.05
0.60	-
2.07	0.32
Year ended 31 March 2013 Rs. Crores	Year ended 31 March 2012 Rs. Crores
686.39	715.56
62.12	58.34
	657.22
10.62	10.54
1.02	0.88
	9.66
1.34	2.65
0.14	0.24
	2.41
1.95	0.43
1.97	1.03
0.88	-
	13.53
15.60	670.75
639.87	

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note : 20

#### Other Income

Interest Income - on deposits	0.22	
- on income tax refund	0.58	
- on Supplier payments	0.27	
		1.07
Net gain on foreign currency transactions and translation		-
Profit on sale of fixed assets (Net)	0.20	
Other Non-operating income	0.20	
Amenities income	0.02	
	0.42	
	1.49	

Year ended 31 March 2012 Rs. Crores
0.24
-
0.50
0.74
1.20
0.19
0.21
0.02
0.42
2.36
418.48
7.54
20.93
446.95
2.87
11.02
14.78
25.80
13.50
20.86
34.36
(8.56)
50.84
2.55
0.55
0.83
3.93
8.37
63.14

### Note : 21

#### Cost of Materials consumed

Raw materials and Components consumed * @	384.79	
Freight inward	6.79	
Job work expenses	19.76	
	411.34	
	1.11	

\* includes cost of raw materials and components sold

@ Refer Note: 33

### Note : 22

#### Changes in inventories of finished goods and work-in-progress

Opening Stock :		
Work-in-progress	13.50	
Finished Goods	20.86	
	34.36	

Less :

Work-in-progress	11.26	
Finished Goods	31.79	
	43.05	
	(8.69)	

### Note : 23

#### Employee benefit expenses

Salaries and Wages	55.02	
Contributions to:		
Provident Fund	2.85	
Superannuation Fund	0.59	
Gratuity Fund	2.16	
	5.60	
Staff Welfare Expenses	8.80	
	69.42	

#### Employee Benefits

##### A. Gratuity

In keeping with the Company's Gratuity Scheme (defined benefit plan) eligible employees are entitled to gratuity benefit (at one half month's eligible salary for each completed year of service) on retirement/death/incapacitation/ termination etc. Also refer Note 1. 12(b) (iii) for accounting policy relating to gratuity.

## Notes forming part of the Financial Statements

Following are the further particulars relating to gratuity

		2012-13	2011-12
<b>I</b>	<b>Reconciliation of opening and closing balances of the present value of the Defined benefit obligation</b>		
	Present value of obligation as at the beginning of the year	9.26	9.92
	Interest cost	0.77	0.72
	Current service cost	0.83	0.61
	(Benefits paid)	(0.63)	(2.15)
	Actuarial loss	1.24	0.16
	Present value of obligation as at the end of the year	<b>11.47</b>	<b>9.26</b>
<b>II</b>	<b>Reconciliation of opening and closing balances of the Fair value of the plan assets</b>		
	Fair value of plan assets at the beginning of the year	7.68	8.47
	Expected return on plan assets	0.72	0.73
	Contributions	0.79	0.70
	(Benefits paid)	(0.63)	(2.15)
	Actuarial loss	(0.04)	(0.07)
	Fair value of plan assets at the end of the year	<b>8.52</b>	<b>7.68</b>
<b>III</b>	<b>Reconciliation of present value of Defined Benefit Obligation in 'I' above and fair value of plan assets in 'II' above</b>		
	Present value of the obligation at the end of the year	11.47	9.26
	Fair value of plan assets at the end of the year	8.52	7.68
	Liability recognised in the Balance Sheet	<b>2.95</b>	<b>1.58</b>
<b>IV</b>	<b>Expense Charged to Statement of Profit and Loss</b>		
	Current service cost	0.83	0.61
	Interest cost	0.77	0.72
	Expected return on plan assets	(0.72)	(0.73)
	Actuarial loss	1.28	0.23
	Expense recognised in the statement of profit and loss*	<b>2.16</b>	<b>0.83</b>

\* Included in contribution to gratuity fund' under Employee Costs of respective years.

<b>V</b>	<b>Percentage of each category of Plan assets to total Fair Value of Plan Assets</b>	<b>Funds managed by LIC</b>	
<b>VI</b>	<b>Actual return on Plan Assets</b>	0.66	0.69
<b>VII</b>	<b>Principal Actuarial Assumptions at Balance Sheet date</b>		
	Discount rate	8.60%	8.10%
	Expected rate of salary increase		
	- Executives and Staff	7.50%	7.50%
	- Operators	6.00%	6.00%
	Expected rate of return on plan assets	9.40%	9.40%
	Attrition rate		
	- Executives and Staff	8.00%	8.00%
	- Operators	3.00%	3.00%
<b>VIII</b>	<b>Experience Adjustments</b>		
	Present Value of obligation	11.47	9.26
	Plan Assets	8.52	7.68
	Surplus / (Deficit)	(2.95)	(1.58)
	Experience adjustments on plan liabilities - (loss) / gain	(0.90)	(0.58)
	Experience adjustments on plan assets - (loss) / gain	(0.04)	(0.07)
<b>IX</b>	<b>Enterprises' best estimate of contribution during the next year</b>	2.95	1.58

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

### B. Compensated Absences:

The key assumptions used for the calculation of provision for long term compensated absences are as under:

<b>Principal Actuarial Assumptions at Balance Sheet date</b>		
Discount rate	8.60%	8.10%
Expected rate of salary increase		
- Executives and Staff	7.50%	7.50%
- Operators	6.00%	6.00%
Attrition rate		
- Executives and Staff	8.00%	8.00%
- Operators	3.00%	3.00%



## Notes forming part of the Financial Statements

### Note : 26

Related Party Disclosures		2012-13	2011-12
(a)	List of related parties where control exists		
	Holding Company	Rane Holdings Limited (RHL)	Rane Holdings Limited (RHL)
(b)	Key Management Personnel	S Parthasarathy - Manager under the Companies Act, 1956 L Ganesh, Chairman	Harish Lakshman - Manager under the Companies Act, 1956 L Ganesh, Chairman
(c)	Relative of KMP	L Lakshman Meenakshi Ganesh Aditya Ganesh Aparna Ganesh Shanthi Narayan Hema C Kumar L Ganesh HUF	Malavika Lakshman L Lakshman Pushpa Lakshman Vanaja Aghoram Shanthi Narayan Aditya Ganesh
(d)	Enterprises over which KMP or relatives of KMP can exercise significant influence	Rane Foundation Kar Mobiles Limited L Lakshman HUF	Rane TRW Steering Systems Limited (RTSSL) Rane Foundation Rane Holdings America Inc. (RHAI) L Lakshman HUF
(e)	Other Related parties where transactions has taken place (Fellow Subsidiaries)	Rane Engine Valve Limited (REVL) Rane Diecast Limited (RDL) Rane Brake Lining Limited (RBL) Rane Holdings America Inc (RHAI)	Rane Engine Valve Limited (REVL) Rane Diecast Limited (RDL) Rane Brake Lining Limited (RBL)
(f)	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		

Rs. Crores

Description	Holding Company		Key Management Personnel (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Transaction during the year</b>												
Professional Charges	2.96	2.32	-	-	-	-	-	-	-	-	2.96	2.32
Professional charges - REVL	-	-	-	-	-	-	0.06	0.09	-	-	0.06	0.09
Software Expenses	2.87	3.17	-	-	-	-	-	-	-	-	2.87	3.17
Training Expenses	0.64	0.51	-	-	-	-	-	-	-	-	0.64	0.51
Salaries-Mr Aditya Ganesh	-	-	-	-	-	0.01	-	-	-	-	-	0.01
Miscellaneous Expenses	0.68	0.85	-	-	-	-	-	-	-	-	0.68	0.85
Trademark Fee	3.68	3.81	-	-	-	-	-	-	-	-	3.68	3.81
Sales Promotion Expenses - RBL	-	-	-	-	-	-	-	0.10	-	-	-	0.10
Sales Promotion Expenses - RHAI	-	-	-	-	-	-	-	-	0.16	0.27	0.16	0.27
Purchases-RTSSL	-	-	-	-	-	-	N/A	0.12	-	-	-	0.12
Sales-RTSSL	-	-	-	-	-	-	N/A	37.28	-	-	-	37.28
Donation-Rane Foundation	-	-	-	-	-	-	0.40	0.40	-	-	0.40	0.40
Interest free Loan-Rane Foundation	-	-	-	-	-	-	-	0.25	-	-	-	0.25
Commission to Chairman	-	-	0.30	0.37	-	-	-	-	-	-	0.30	0.37
Sitting fees-Mr Harish Lakshman	-	-	N/A	0.01	-	-	-	-	-	-	-	0.01
Salaries - Mr.S Parthasarathy	-	-	0.86	N/A	-	-	-	-	-	-	0.86	-
Interest paid on Fixed Deposits	-	-	0.01	0.01	0.04	0.05	*	-	-	-	0.05	0.06
Fixed Deposits accepted / (repaid)	-	-	0.05/ (0.05)	-	0.10/ (0.10)	0.06/ (0.06)	0.02/ (0.02)	-	-	-	0.17/ (0.17)	0.06/ (0.06)
<b>Balance as at year end</b>												
Fixed Deposits outstanding	-	-	0.05	0.07	0.30	0.44	0.02	0.02	-	-	0.37	0.53
Payables	*	0.07	0.30	0.37	-	-	-	-	-	0.01	0.30	0.45
Receivables	-	-	-	-	-	-	-	-	0.02	6.48	0.02	6.48
Interest free Loan-Rane Foundation	-	-	-	-	-	-	0.75	0.75	-	-	0.75	0.75

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Details of Related Party transactions :

Description	Holding Company		Key Management Personnel (KMP)		Relatives of KMP		Enterprises as defined in point (d) above		Related parties where transactions has taken place (Fellow Subsidiaries)		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Interest paid on Fixed Deposits</b>												
Mr L Ganesh	-	-	0.01	0.01	-	-	-	-	-	-	0.01	0.01
Mr Harish Lakshman	-	-	-	*	-	-	-	-	-	-	-	*
Mr L Lakshman	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Mrs Pushpa Lakshman	-	-	-	-	N/A	0.01	-	-	-	-	-	0.01
Mrs Vanaja Aghoram	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Mrs Shanthi Narayan	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Mr L Lakshman HUF	-	-	-	-	-	*	*	-	-	-	*	*
<b>Fixed Deposits accepted / (repaid)</b>												
Mr L Lakshman	-	-	-	-	0.05/ (0.05)	0.05/ (0.05)	-	-	-	-	0.05/ (0.05)	0.05/ (0.05)
Mrs Pushpa Lakshman	-	-	-	-	N/A	0.01/ (0.01)	-	-	-	-	-	0.01/ (0.01)
Mrs Vanaja Aghoram	-	-	-	-	0.05/ (0.05)	-	-	-	-	-	0.05/ (0.05)	-
Mr L Lakshman HUF	-	-	-	-	-	-	0.02/ (0.02)	-	-	-	0.02/ (0.02)	-
<b>Fixed Deposits outstanding</b>												
Mr L Ganesh	-	-	0.05	0.05	-	-	-	-	-	-	0.05	0.05
Mr Harish Lakshman	-	-	N/A	0.02	-	-	-	-	-	-	-	0.02
Mr L Lakshman	-	-	-	-	0.10	0.12	-	-	-	-	0.10	0.12
Mrs Pushpa Lakshman	-	-	-	-	N/A	0.12	-	-	-	-	-	0.12
Mrs Vanaja Aghoram	-	-	-	-	0.05	0.05	-	-	-	-	0.05	0.05
Mrs Shanthi Narayan	-	-	-	-	0.15	0.15	-	-	-	-	0.15	0.15
Mr L Lakshman - HUF	-	-	-	-	-	-	0.02	0.02	-	-	0.02	0.02
<b>Payables</b>												
RHL	*	0.07	-	-	-	-	-	-	-	-	*	0.07
Mr L Ganesh	-	-	0.30	0.37	-	-	-	-	-	-	0.30	0.37
RTSSL	-	-	-	-	-	-	-	-	N/A	0.01	-	0.01
<b>Receivables</b>												
RTSSL	-	-	-	-	-	-	-	-	N/A	6.48	-	6.48
REVL	-	-	-	-	-	-	-	-	0.02	*	0.02	*

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

## Notes forming part of the Financial Statements

### Note : 27

#### Contingent Liabilities, Guarantees and Commitment

##### Contingent Liabilities

Claims against the company not acknowledged as debts:

(i) Income Tax matters under appeal by the Company	12.49	17.93
(ii) Central Excise and Service Tax matters under appeal by the Company	0.60	0.22
(iii) Labour related matters under appeal by the Company	1.30	1.23
(iv) Corporate License fee under appeal by the Company	0.11	0.11

Total

14.50 19.49

Others

(i) Income Tax matters under appeal by the Department

0.31 0.31

##### Guarantees

Outstanding bank guarantees

- 0.28

##### Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advance Rs.5.03 crores (previous year Rs.3.74 crores)]

11.63 7.75

26.44 27.83

### Note : 28

#### The final dividend proposed for the year is as follows:

On Equity Shares of Rs.10 each

Amount of dividend proposed

5.08 4.06

Dividend per equity share

Rs. 5.00 per share Rs. 4.00 per share

### Note : 29

#### Earnings Per Share

Profit after Tax (Rs. Crores) (A)

23.42 27.40

Number of equity shares of Rs.10 each at the beginning of the year

1,01,64,145 1,01,64,145

Number of equity shares of Rs.10 each at the end of the year

1,01,64,145 1,01,64,145

Weighted average number of equity shares of

Rs.10 each outstanding during the year (B)

1,01,64,145 1,01,64,145

Earnings per share (Basic and Diluted) - in Rupees (A/B)

23.04 26.95

### Note : 30

#### Particulars of Closing Inventories of Raw Materials, Work-in-Progress and Finished Goods

##### Raw Materials and components

Steel Forgings

2.31 1.37

Castings

0.80 0.51

Steel Tubes

4.76 3.16

Others (individually less than 10% of the total raw materials and components inventory)

7.93 8.70

15.80 13.74

##### Work-in-progress

Steering and Suspension Linkage Products

5.87 8.36

Steering Gear Products

5.39 5.14

11.26 13.50

##### Finished goods

Steering and Suspension Linkage Products

21.25 14.40

Steering Gear Products

10.54 6.46

31.79 20.86



# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note : 31

#### Segment Reporting

The entire operations of the Company relate only to one segment viz. 'Components for Transportation Industry'. Company's operation in different territories does not have significantly different risks and returns.

### Note : 32

#### Details of sale of Products:

Steering and Suspension Linkage Products	325.38	383.20
Steering Gear Products	361.01	332.36
	<b>686.39</b>	<b>715.56</b>

### Note : 33

#### Details for Raw Materials and components consumed

Steel Forgings	137.92	140.10
Castings	40.81	40.23
Steel Tubes	46.80	57.22
Others (individually less than 10% of the total consumption)	158.15	178.06
	<b>383.68</b>	<b>415.61</b>
Imported	4.89% 18.77	4.79% 19.90
Indigenous	95.11% 364.91	95.21% 395.71
	<b>100.00% 383.68</b>	<b>100.00% 415.61</b>

### Note : 34

#### Stores, Spares and Tools consumed\*

Imported	3.87% 0.92	3.79% 0.87
Indigenous	96.13% 22.76	96.21% 22.07
	<b>100.00% 23.68</b>	<b>100.00% 22.94</b>

\* Includes Rs. 0.52 Crores (Previous year Rs. 0.34 Crores) included under Repairs and Maintenance in Note 25

### Note : 35

#### Value of Imports calculated on CIF basis

Raw materials	10.10	12.17
Components	11.27	10.40
Stores & Spares	0.38	0.73
Capital goods	2.43	2.68
	<b>24.18</b>	<b>25.98</b>

### Note : 36

#### Research and Development cost

Capital expenditure	2.55	1.08
Revenue expenditure	4.05	3.62
	<b>6.60</b>	<b>4.70</b>

## Notes forming part of the Financial Statements

### Note : 37

#### Expenditure in foreign currency

	Year ended 31 March 2013 Rs. Crores	Year ended 31 March 2012 Rs. Crores
Travelling expenses	0.25	0.17
Commission	-	0.41
Warehousing and Sorting	0.18	0.08
Sales promotion expenses	0.65	0.39
Interest	0.86	0.25
Royalty and Technical Fees	0.65	0.98
Others	0.39	0.11
	<b>2.98</b>	<b>2.39</b>

### Note : 38

#### Earnings in foreign exchange

FOB Value of Exports	95.02	74.64
----------------------	-------	-------

### Note : 39

#### Leases

The Company has taken vehicles under operating lease for a period of 48 months. The details of the maturity profile of future operating lease payments are furnished below:

a. Future minimum lease payments under non-cancellable operating lease for each of the following periods:

- Not later than one year	0.17	0.23
- Later than one year and not later than five years	0.17	0.24
- Later than five years	-	-

b. Lease payments recognised in the Statement of Profit and Loss for the period

0.23	0.19
------	------

### Note 40:

#### Disclosure as per clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loan

Name of the Party	Investment	Amount outstanding as at 31 March 2013	Maximum balance outstanding during the year
Rane Foundation	Loan	0.75	0.75
		(0.75)	(0.75)

Note: Figures in bracket relate to the previous year.

# Rane (Madras) Limited

## Notes forming part of the Financial Statements

### Note 41:

#### Details on derivative instruments and unhedged foreign currency exposures

I. The following derivative positions are open as at 31 March 2013.

(a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March 2013

Currency	Buy/Sell	Amount	Cross Currency
USD	-	-	-
USD	Sell	(300,000)	Rupees

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31 March 2013

Currency	Buy/Sell	Amount	Cross Currency
USD	Sell	3,600,000	Rupees
USD	Sell	(1,150,000)	Rupees

Note: Figures in brackets relate to the previous year

(b) Cross Currency interest rate swaps to hedge against fluctuations in exchange rate and fluctuations in interest rate. No. of contracts: 3 (As at 31 March 2013)

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Nature of transactions	As at 31 March 2013		As at 31 March 2012	
	Receivable (Payable) INR	Receivable/ (Payable) Foreign Currency	Receivable/ (Payable) INR	Receivable/ (Payable) Foreign Currency
Loan - USD	(34.01)	-\$0.62	(21.78)	-\$0.43
Receivables - USD	12.72	\$0.23	13.66	\$0.27
Receivables - EUR	2.23	€0.03	0.13	*
Loan - EUR	(0.66)	-€0.01	(0.72)	-€0.01
Payables - USD	(0.43)	-\$0.01	3.53	\$0.07
Payables - EUR	(0.02)	*	0.36	€0.01
Payables - YEN	(0.05)	-¥0.03	*	*
Advances - USD	0.04	*	0.04	*

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

## Notes forming part of the Financial Statements

### Note 42:

#### Previous Year Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

#### Signature to Note 1 to 42

For and on behalf of the Board

**L Ganesh**  
Chairman

**Harish Lakshman**  
Director

Place : Chennai  
Date : May 22, 2013

**S Parthasarathy**  
President

**S Subha shree**  
Company Secretary