

The background of the page is a photograph of a human pyramid. A group of people, including children and adults, are standing on each other's shoulders to form a tall, conical structure. The people at the base are wearing orange shirts, while those higher up are in various colors like blue, yellow, and white. The scene is outdoors, with palm trees and other greenery visible in the background. A string of colorful decorations hangs across the top of the image.

Finding opportunities amidst challenges

Contents

The World of Rane	8	Management Discussion & Analysis	18
Financial Highlights	10	Directors' Report	37
Message from the Chairman	12	Corporate Governance Report	42
Session with the Vice Chairman	14	Standalone Financial Statements	55
Beyond Business	16	Consolidated Financial Statements	84

Caution regarding forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Govinda or Dahi Handi, Maharashtra

Dahi Handi is a very popular festival sport of Mumbai, which is organized during Janmashtami to celebrate the birth of Krishna. In this sport, an earthen pot or handi is hung up high in the air with the help of a rope. A team of players called govindas take turn in forming a human pyramid to catch and then break the pot. The team who breaks the pot emerges winner. The sport shows that breaking the pot, which is hung high in the air, is an opportunity for the govindas to emerge winners by overcoming the challenge of balance and vertigo.

Finding opportunities amidst challenges

Need is the mother of all inventions. As evinced throughout the evolution of human civilization, where mankind countered challenges in the form of unmet needs and won through with breakthrough inventions – from the humble wheel to the most sophisticated spacecrafts. Quite rightly, every challenge harbours a promising opportunity.

Likewise, amidst the testing economic environment of today, corporations face multi-pronged challenges – increasing cost, decreasing sales, slowing demand, volatile projections and so on. In order to deftly navigate through turbulent times like these, businesses need to put in the best of their thoughts and also the best of their deeds.

Leveraging a rich business legacy measuring three fourth of a century, where we have persevered through many a good as well as testing times, at Rane, we view things differently. Poised to make the ensuing decade as a decade of profitable growth, we are exploring newer opportunities while seamlessly navigating through business challenges. When the environment is difficult to cope up with multiple challenges such as sluggish market growth, rising finance cost and increasing operating costs making it impossible for companies to remain unaffected; we have positively taken them in our stride and even managed to find opportunity in these challenges in the year gone by. Taking definitive actions through the year, we are living our belief in finding opportunities amidst challenges.

Maramadi or Kaalapootu (Bull race), Kerala

'Maramadi' is the traditional bull racing event of Kerala, held every year in the post-harvest season. It takes place in rice paddy field soaked in ankle deep water. In this race, a pair of bulls are hitched together with the help of a wooden pole and sent charging down the field, with their guides hanging onto a harness and sliding through the mud, trying to control them. This race shows the aggressive and raw power of the animals, a challenge, which humans overcome by making use of their ability to control.



Sluggish market. Focused approach.

The domestic automobile industry was affected by a host of challenges such as decline in automobile sales, sluggish demand, increased fuel prices, rising bank interest rates and weakened consumer sentiments among others. With all these challenges, it was a very difficult year for the domestic automobile industry.

At Rane, we saw the industry slowdown as an opportunity to invest in brand building, improve our reach to new markets, increase our exports, penetrate newer geographies and develop new OEM customers. The following are some of the initiatives which we took during the year under review:

Expansion

While the demand for automobile components in the domestic market was flat, we increased our focus to newer geographies. We started exporting our products to new and emerging markets of Brazil, China and Malaysia.

Focus on new OEMs

We strengthened our relations with existing Original Equipment Manufacturers (OEMs) and further expanded our global OEM customer base. Our focus on meeting stringent quality controls, ability to adapt to global standards and reliability of delivery has enabled us to become the most preferred supplier to OEMs. During the year, revenues from OEMs contributed to 72% of the total turnover compared to the contribution of 67% in the previous year.

Mallakhamb, Maharashtra

Mallakhamb is a traditional sport originated in Maharashtra, in which a gymnast performs feats and poses in concert with a vertical wooden pole. The sport requires the performer to turn, twist, stretch and balance on the pole. This requires agility, dexterity and suppleness of body, combined with quick reflexes, muscle coordination and sense of timing.



Increasing prices. Prudent management.

The domestic automobile industry was adversely affected by rising inflation leading to increase in prices, depreciation of Indian rupee leading to higher import costs and higher interest rates leading to higher cost of funds.

At Rane, we saw these challenges as opportunities and strengthened our financial management by utilising our funds prudently, managing working capital effectively and improving debt-equity balance among others. The following are some of the initiatives we undertook during the year under review:

Prudent capital expenditure deployment

The automobile industry experienced a sharp downturn owing to a decline in investments, lack of growth initiative in domestic policy and uncertain trade environment. Considering these realities, we scaled down our capital expenditure target by 40% to ₹ 153 crore and instead prioritised on improving our efficiencies in the existing units.

Working capital management

We focused on improving our cash flows in order to meet our short-term debt obligations and operating expenses. The following are the initiatives undertaken:

- Brought down average debtors collection period to 51 days compared to 57 days in the previous year. This resulted in faster payment of short-term obligations
- Rationalised inventory levels in order to cut costs, optimised cash locked up in inventory and maximised revenues
- Maintained finance expenses at 2% in the current year, inspite of raising interest rates

Cost management

We used a prudent mix of funds and used fully hedged External Commercial Borrowings in order to contain interest cost.

Vallam Kali or Snake Boat Race, Kerala

A traditional snake boat race, it is held every year during the harvest festival of Onam. The length of the boat used in this race varies from 100 to 120 feet and it can accommodate nearly 120 rowers. The rowing is perfectly synchronized among all the rowers through the boatmen's song. This race shows the importance of team work and efficiency which helps the team to emerge as winner.



Rising cost. Efficient operations.

On the operational aspect, the industry faced a slew of challenges in terms of rise in cost of raw material such as aluminium & steel and rising operational costs such as employee cost, power cost and overhead expenses among others, which could not be passed on to the customers.

At Rane, we saw this as an opportunity for improving our operational efficiency by reducing costs and improving the capacity utilisation of our units. The following are some of the initiatives that we undertook during the year under review:

Energy saving projects

We undertook various energy conservation projects to offset the power shortage and the resultant cost impact through horizontal deployment of best practices. Energy savings were achieved through available alternate economical sources, special projects in shop-floor, sustenance of high power factor and employee involvement to reduce consumption of power. Through these efforts, we successfully saved about one million units of electricity.

Localisation

With the depreciation of Indian rupee the cost of imports increased, which started putting pressure on our margins. We countered this challenge by localizing procurement of raw materials by sourcing from the domestic market rather than importing it.

TQM

Total Quality Management (TQM) is a continual process that drives us to be customer focused and process oriented. It enables us to be analytical and creative in finding ways to become more competitive and more effective in meeting customer's requirements. Our relentless pursuit of TQM enabled us to win the Deming Grand Prize for Rane Madras Limited (RML), during the year under review, being the second company in the Group and 25th in the world to receive this honour.



The world of Rane

About us

Rane Group is a ₹2,990 crore (USD 550 million) Company engaged in the manufacture and sale of automobile components. The Group is headquartered at Chennai, Tamil Nadu, and is structured under a holding company – Rane Holdings Limited (RHL). RHL controls five subsidiary companies, three joint venture companies and two associate companies.

Vision

To maintain market leadership and achieve sales of ₹4,300 crore by FY 2015-16

Mission

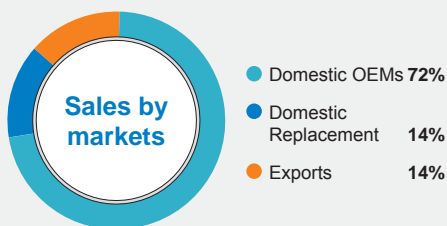
- Provide superior products and services to our customers
- Evolve as an institution that serves the best interests of all stakeholders
- Pursue excellence through Total Quality Management
- Ensure the highest standards of ethics and integrity in all our actions

Market reach

Rane has a pan-India presence with 25 manufacturing facilities across six states, enabling it to sell a wide range of components to all the automobile manufactures in India and export them to more than 25 countries globally.

Operational excellence

Rane’s pursuit of Total Quality Management (TQM) and operational excellence is testified by the fact that two companies from the Group have won the Deming Grand Prize (JQM) and four companies have won the Deming Prize.



Company	Products	Net Sales (` Crore)	Percentage Contribution
SUBSIDIARY COMPANIES			
Rane (Madras) Limited (RML)	Steering & Suspension Systems, Rack & Pinion Type Steering Gears, Hydraulic Products, Suspension Components, Steering Linkages	624.27	23%
Rane Engine Valve Limited (REVL)	Engine Valves, Valve Guides and Tappets for various IC engine applications	254.65	10%
Rane Brake Lining Limited (RBL)	Asbestos-free Brake Linings, Disc Pads, Clutch Facings, Composite Brake Blocks, CV Brake Pads, Sintered Brake Pads	375.89	14%
Rane Diecast Limited (RDL)	HPDC Machined Steering Housing & Engine Components, EPAS – Pinion Housing, Timing Case Cover-Engine, Hydraulic-Pinion Housing, Gear Case Cover, Hydraulic-Pump Housing	57.89	2%
Rane Holdings America, Inc. (RHAI)	Providing business development services in North American region for Rane Group Companies	-	-
JOINT VENTURE COMPANIES			
Rane TRW Steering Systems Limited (RTSSL)	Hydraulic Steering Gears, Hydraulic Pumps, Power-Rack and Pinion, Power Steering Fluid including plastic reservoir and Occupant Safety Division (OSD) manufactures Safety Seat Belts and Airbags	630.85	23%
RANE NSK STEERING SYSTEMS LIMITED (RNSSL)	Manual Steering Columns and Electric Power Steering, Electric Power Steering Columns, Solid Steering Columns, Energy Absorbing & Collapsible Columns, Tilt & Telescopic Steering Columns, Intermediate Shafts, Universal Joint Assemblies	572.63	21%
JMA RANE MARKETING LIMITED (JMA RANE)	A trading company dealing with automobile components and has dealer network at various locations in India	51.08	2%
ASSOCIATE COMPANIES			
KAR MOBILES LIMITED (KML)	Valves for Internal Combustion Engines, IC Engine Valves	120.01	4%
SASMOS HET TECHNOLOGIES LIMITED (SASMOS)	Engaged in design, prototyping and manufacture of customized electronic solutions including electrical interconnection solutions and electronics systems design and integration for defence and aerospace applications.	22.06	1%

Financial Highlights

RANE HOLDINGS LIMITED - STANDALONE

FINANCIAL YEAR	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
KEY PERFORMANCE INDICATORS							
Return on Capital Employed (ROCE) (%)	12.61	15.49	10.36	12.87	9.22	10.73	19.69
Return on Equity (ROE) (%)	10.32	14.54	18.54	12.86	9.05	14.76	18.82
Earnings per share (₹)	18.17	23.99	28.04	17.60	11.41	14.56	20.19
Dividend (%)	80	100	125	80	40	60	75
Book value per share (₹)	180.81	171.50	158.35	144.04	129.78	122.37	110.89

(₹ crore)

FINANCIAL YEAR	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
OPERATIONAL PERFORMANCE							
Total Income	57.73	63.91	48.42	45.14	34.97	42.13	32.26
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	34.49	41.05	28.29	30.08	21.04	25.71	19.43
Profit Before Tax (PBT)	32.53	38.11	43.14	27.39	18.29	22.86	18.81
Profit After Tax (PAT)	25.95	34.25	40.03	25.13	16.30	20.90	16.87

BALANCE SHEET SUMMARY *

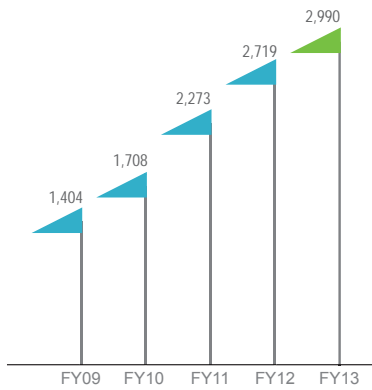
(₹ crore)

YEAR ENDED 31ST MARCH	2013	2012	2011
Equity Share Capital	14.28	14.28	14.28
Shareholders' funds	258.16	244.87	226.09
Non-current liabilities	2.18	4.11	14.58
Current liabilities	14.72	22.06	23.82
Non-current assets	267.92	264.33	249.36
Current assets	7.14	6.71	15.13

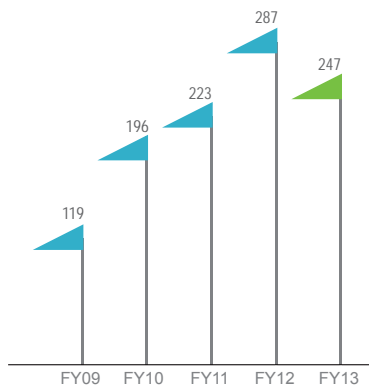
*Pertains to revised schedule VI applicable years only

RANE GROUP - AGGREGATE

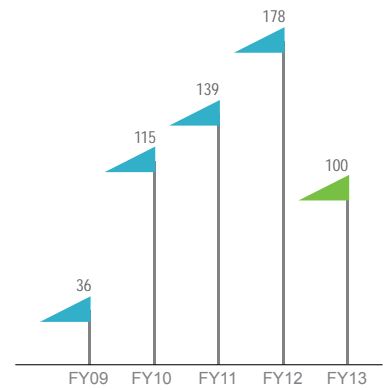
Turnover (₹ Crore)



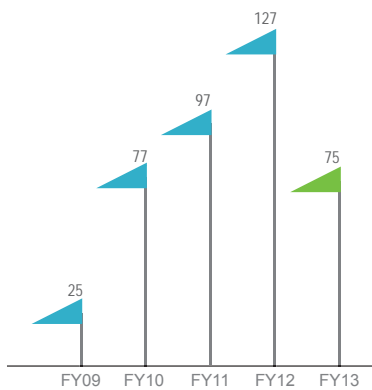
EBITDA (₹ Crore)



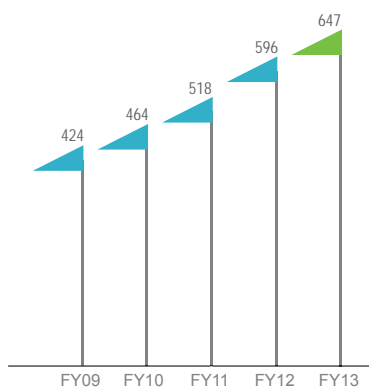
Profit Before Tax (₹ Crore)



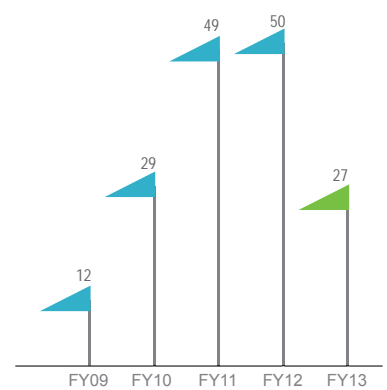
Net Profit (PAT) (₹ Crore)



Net Worth (₹ Crore)



Earnings Per Share (Consolidated) (₹)





Message from the Chairman

Dear Shareholders,

2012-13 proved to be yet another challenging year for the global economy with global GDP growth falling to 3.2% in 2012 from 4% recorded in the previous calendar year. The gains from moderate growth in the US and rebound in Japan were set-off by contraction in the Eurozone. The slowdown across the global economy impacted the growth prospects of India too. The Indian economy faced various challenges such as high inflation, rising finance costs, policy inaction, tight liquidity and slowing of foreign investments. As a result, the GDP growth of the country slipped from 6.2% in FY12 to 5% in FY13, the lowest-ever growth in a decade.



Our focus will be on new business development, new product development, penetration into new geographies & markets and growing our new business.



The slowing economic growth affected most of the segments of the automobile industry. The automobile industry registered a growth of 1.2% in FY13 compared to 13.82% growth it had witnessed in FY12. The global scenario further added to the woes by continuing to remain weak and limiting exports.

In view of the market condition that prevailed in FY13, Rane reported a moderate growth in topline. During the year under review, we optimised the use of resources, institutionalized cost-reduction, enhanced working capital management, upgraded technologies and enriched intellectual capital.

Though the business growth during the period under review has been far from satisfactory, the current year seems quite challenging, but not without its fair share of opportunities and growth. Going ahead, our focus will be on new business development, new product development, penetration into new geographies & markets and growing our new business. In line with our growth strategy, we have capex plans which we will be utilizing judiciously. Further, we will focus on improving our association with OEMs, tier 1 partners and push for after-market exports.

We are striving hard to create an exciting workplace which encourages innovation, where employees find opportunities and get a good learning experience. We are hopeful that this would have a favourable impact in the short and medium term growth of the company.

I would like to end by thanking our employees, our prime asset, who have continuously shown their dedication and commitment to the company. I thank all our customers, suppliers, partners, investors, business associates and shareholders for their continued faith and support in Rane.

Sincerely yours,

L. Lakshman
Executive Chairman



L. Ganesh, *Vice Chairman*

Session with the Vice Chairman

How would you describe the performance of the company during the year under review?

FY13 turned out to be one of the most challenging years for the automobile industry in a decade. Rising fuel prices, high interest rates, inflation, fuel prices and weak industrial output contributed to the downfall in sales volumes across the industry segment. During such a slowdown in the industry, Rane managed to post a decent growth of 10% in FY13, with total turnover of ₹ 2,990 crore against ₹ 2,719 crore in FY12. This improvement has been achieved on the back of various productivity improvement and cost containment measures taken by the company over the past few months. Rane reported an EBITDA of ₹ 247 crore and net profit of ₹ 75 crore, translating into a decline of 14% and 41% respectively. This decline is attributed to rising operating costs, slowdown of the

industry and decline in sales volumes in the domestic as well as international market.

What were the key challenges that led to the subdued performance of the company?

The biggest challenge faced by the company was the domestic slowdown in the automotive industry, which hit the sales off take of the components sector very hard. In the global market, most countries in the European Union were facing economic stress, resulting in the lower demand for auto components. In addition to this, the other major challenge for the company during FY13 was power cost. Most of the states in southern India, where the company has its plants, had to face acute power shortage, forcing the company to use high cost diesel generated power to meet demand. Further, the



We have drawn our expansion strategy of investing ` 558 crore in the next three years ending 2016 across our seven entities and achieve a sales turnover of ` 4,300 crore by 2016.



adverse volatility in foreign exchange rates led to an increase in import costs as most of the raw materials of the company are imported from Japan.

How did the company respond to these challenges?

The first step in any such downturn is obviously to manage costs prudently. We took various initiatives to reduce variable costs and fixed costs in order to partly compensate the impact of lower sales. We monitored and curtailed our capital expenditure plans in all locations to preserve cash flows. In order to mitigate rising power costs, we undertook various energy improvement initiatives, equipped ourselves to buy private power in all our major locations and increased the windmill power capacity from 7.5 MW to 10.5 MW in Tamil Nadu.

What will be the strategy for growth for the coming year?

At Rane, we have enhanced our operational excellence throughout the past decade to create manufacturing and innovation capabilities that is comparable with the best in the world. Our corporate priority is to seek aggressive growth in the ensuing decade and maintain our leadership position in each of our product lines. In

line with this, we have drawn our expansion strategy of investing ` 558 crore in the next three years ending 2016 across our seven entities and achieve a sales turnover of ` 4,300 crore by 2016. In order to reach our topline target, we will increase our sales to global OEMs. We will continue to look for new business opportunities and pursue inorganic growth opportunities allied to our core competencies.

However the current economic scenario is not encouraging and if this situation persists, we need to tune our goals to reality on the ground.

What is the key message that you want to give your shareholders during such testing time?

Although we are going through some stressful times, the Indian economy and particularly the automotive industry is expected to grow in the medium and long term. We are focusing on increasing export revenue. We have been steadily increasing our R&D expenditure from about 0.5% to 1.5% of sales. Further, we are actively pursuing opportunities in adjacent products and new markets to accelerate growth. We are optimistic that all these endeavours will help post healthy growth and performance as well as create value for shareholders, as the automobile industry recovers in the coming year.



Beyond Business

Sustainability

Environment sensitivity and community development initiatives

Sustainability in the Group's businesses today has become an enterprise-wide commitment with experiences, successes and behaviours replicated across the organization. Our social responsibility vision is "to be a socially and environmentally responsible corporate citizen".

At Rane, we continuously review our processes to make them cost effective and environmentally better. Twenty plants of the Rane Group are accredited to ISO 14001 certification. Water conservation and

harvesting initiatives and deployment of eco-friendly waste management systems have been commissioned at various plants. Our Rane Institute for Employee Development is a LEED Silver certified Green Building.

Rane's environment consciousness drives progress without compromising the long term interest of the future generations. Green power through windmill constitutes 30% of power requirements of the plants in Tamil Nadu. Rane's extensive investment towards environment compliance enhances not only creation of value and strengthening of competitive positioning, but also the confidence of its stakeholders.



Rane's environment consciousness drives progress without compromising the long term interest of the future generations.



The Rane Foundation, which is a public charitable and educational trust, channelizes all CSR activities of the Group focussing on education, health care, environment and community development.

Rane Polytechnic Technical Campus (RPTC)

One of the major initiatives undertaken by Rane Foundation is the establishment of a self-financed Polytechnic College named Rane Polytechnic Technical Campus (RPTC) in Sethurapatti Village, Tiruchirapalli. It is approved by All India Council for Technical Education (AICTE), New Delhi and affiliated to the Directorate

of Technical Education (DOTE), Tamil Nadu. The courses offered by the college are Mechanical, Civil and Mechatronics Engineering with a student intake of 240.

As a testimony to its credentials, RPTC has been approved as one of the polytechnic colleges for the implementation of Canada India Institutional Cooperation Project (CIICP) by the State Project Coordination Unit (SPCU) established under DOTE. Under the CIICP umbrella, RPTC aims at offering a wide range of programs that meet the specific needs of industry and the community.

Organisations / Institutions supported by Rane

Education	Health care	Women Empowerment
Ganapathy Iyer Girls High School, Chennai	Sankara Nethralaya, Chennai	The Banyan, Chennai
Ramakrishna Mission Polytechnic, Chennai	Margaret Sydney Hospital, Chennai	Scarf, Chennai
DAV School, Chennai	Hindu Mission Hospital, Chennai	Madras Craft Foundation
	Primary Health Centre, Chennai	

Management Discussion & Analysis





The auto component industry's revenues have grown from ₹ 1,06,400 crore in 2006-07 to ₹ 2,06,267 crore in 2011-12, growing at a CAGR of 14.6%, despite a brief global economic slowdown.



ECONOMY

The year 2012-13 turned out to be a mixed bag for a major part of world economy with growth contraction in advanced as well as emerging economies. The slowdown across the global economy continued to have a dampening impact on the domestic economy as well. Both RBI and the Government of India renewed efforts towards the second half of the financial year to get India's fiscal situation into reasonable shape with the Government committing to policies to attract investment and the RBI reducing repo rates to stimulate growth.

INDUSTRY OVERVIEW

The Indian automotive industry has undergone a major transformation since the economic liberalization. In the current decade, the automobile sector is emerging as the "sunrise sector" in the Indian economy. The auto industry has been growing consistently over the past few years, but with Indian GDP slowing over the last couple of years, the auto industry growth has also witnessed a corresponding slowdown. High interest rates and inflation, rising fuel prices, volatile commodity prices, weak macro-economic sentiments and wide foreign exchange fluctuations have contributed to compound the challenges. If the industry witnessed a tough year with production growing at 2.78%, overall sales growth was also tepid with MHCVs showing a decline in sales of over 28% in the year under review compared to previous year.

Domestic automotive industry growth

Vehicles	Volume growth (in %)	
	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
Three Wheelers	-4	10
Two Wheelers	2	16
Farm Tractors	-1	12

Source: Society of Indian Automobile Manufacturer

Exports

Over the last five years, automobile exports have grown rapidly at a CAGR of 13.56% from 1.53 million units in 2008-09 to 2.89 million units in 2012-13. However, with recession and challenging economic situations in USA and the European Union, exports have been under pressure since mid-2012. The only exceptional segments are the passenger vehicle and two wheeler segments, which have witnessed growth.

AUTO COMPONENTS INDUSTRY

The Indian auto components industry has witnessed a robust growth over the last couple of years. The auto component industry's revenues have grown from ₹ 1,06,400 crore in 2006-07 to ₹ 2,06,267 crore in 2011-12, growing at a CAGR of 14.6%, despite a brief global economic slowdown. The auto component industry

witnessed a decline during 2008-09 but it bounced back strongly in 2009-10 and 2010-11 with a turnover growth of 28% and 35% respectively. The growth was pushed by strong vehicle demand across the categories of the automotive industry. However, growth rate softened to 13% in 2011-12 as auto sales were constrained with high interest rates and rising fuel and commodity prices.

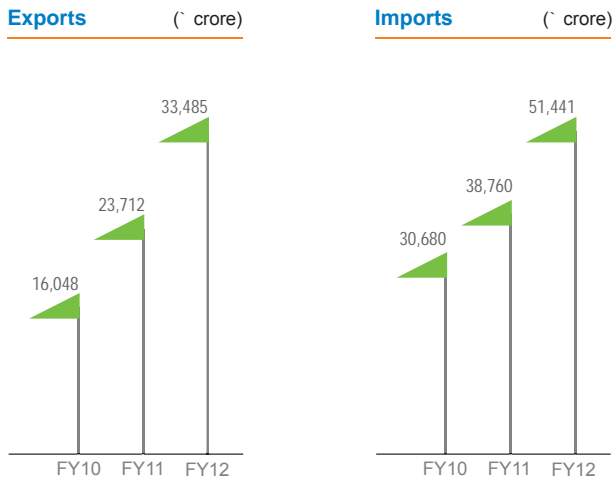
Exports and imports

India has a distinct global advantage of being the high-quality low-cost producer of auto components with most large global auto OEMs opening their local sourcing operations in India. As a result, India is seen as a major outsourcing hub for auto components by developed economies of USA & Europe. The exports of auto components grew at a higher rate of 47% and

41% during FY 2010-11 and FY 2011-12 as a majority of global OEMs have moved substantial part of their manufacturing operations to India to leverage on cost competitiveness of the Indian market. The imports of auto components grew to ` 51,441 crore in FY12 compared to ` 38,760 crore in the previous year. With higher indigenization in the domestic market, the wide gap between imports and exports is expected to reduce.

Growth drivers

- Loan subsidy on new plants and equipment:** The Department of Heavy Industries and Public Enterprises has created a USD 200 million fund to promote growth of auto components industry by providing an interest subsidy on loans and investments in new plants and equipment. It has also provided export benefits to intermediate suppliers of auto components against Duty Free Replenishment Certificate.
- Global best practices:** The Indian auto component manufacturers are embracing the best global practices such as 5S, 7W, Kaizen, TQM, TPM, 6 Sigma and Lean Manufacturing among others. Further, most players in the organized sector are accredited with quality certifications like ISO 9000, ISO 14001 and TS 16949. This has caught the attention of global automobile manufacturers who are planning to make India a sourcing hub for their global operations.



Awards received by Indian players

Awards	Deming Award	Deming Grand Prize
No. of companies in India	23	6
Number of Rane Group Companies	4	2

- **Localization by OEMs:** As Indian auto component manufacturers offer the advantages of low cost production, adequate manufacturing capacity, adherence to global best practices and world class technology, India is emerging as the global hub for auto component products. As a result, more and more number of global OEMs are increasing the localization of products offered by them in the Indian markets.
- **Focus on R&D:** Auto component manufacturers are increasing their R&D spends and investing in operations and laboratories, to conduct activities such as analysis & simulation and engineering animations. The growth of global OEM sourcing from India and the increased indigenization of global OEMs is turning India into a preferred designing and manufacturing base.

Outlook

The growth of the Indian auto component industry in the coming year is expected to be tepid compared to the past few years. Increasing fuel costs, power shortages in most states, high interest rate, high inflation and policy inaction are few of the factors which are affecting the growth of the Indian auto sector.

Business Segment review

Group overview

The year under review had been a challenging one, both in the domestic and export fronts. The country had been witnessing sustained period of high inflation, rising interest rates, declining GDP growth and currency depreciation putting pressure on growth. Most of the states where the Group had operating plants faced acute power shortages, forcing the companies to resort to high cost diesel-generated power to meet delivery schedules. This coupled with adverse volatility in foreign exchange rates had put severe pressure on import

costs and margins. Internationally, most countries in the European Union were facing economic stress with lower off take from our customers in Germany. North America continued to maintain same levels as the previous year.

	(` Crore)		
Domestic and export sales	FY13	FY12	Growth %
Total group Net sales	2,709.33	2,506.96	8%
Domestic sales	2,330.43	2,096.76	11%
Export sales	378.90	410.20	-8%

	(` Crore)		
OEM and Aftermarket sales	FY13	FY12	Growth %
OEM segment	1,938.93	1,687.15	15%
Aftermarket segment	391.50	409.61	-4%

The companies have effectively managed costs by deploying value engineering; optimizing power cost by using a judicious mix of wind power and purchases from the power exchanges; hedging of foreign exchange exposures and shifting production to lower cost plants within the companies. In doing so, the Group registered a marginal growth in overall sales to `2,709.33 crore compared to the previous year. Margins came under severe pressure in all the companies with the Profit after Tax declining to 3% of net sales from 5% in the previous year.

RANE HOLDINGS LIMITED

Standalone Financial Performance of RHL

RHL witnessed a 9.7% decline in its total revenue at `57.73 crore compared to `63.91 crore during the previous year. The decline is predominantly due to reduction in dividends received from Group companies consequent to tougher market conditions prevalent during the year.

	(` Crore)	
Revenue	FY13	FY12
Dividends	15.20	26.10
Service Fee	23.34	24.56
Trade Mark Fee	18.24	12.24
Other Income	0.95	1.01
Total	57.73	63.91

The net profit was lower by 24% at `25.95 crore and earning per share was `18.17 compared to `23.99 in the previous year.

Particulars	(` Crore)	
	FY13	FY12
Revenue	57.73	63.91
EBITDA	34.49	41.05
PBT	32.53	38.11
PAT	25.95	34.25
EPS (`)	18.17	23.99

Operational Highlights

- Rane Data Centre implemented Server Virtualisation, Workflow application and Video conferencing facilities to enhance productivity
- Rane Institute for Employee Development (RIED), the group's Management Development Centre delivered 150 programs spread over 6800 man-days during the year
- 5th Batch of Rane Advanced Management Program (RAMP), a long duration leadership development initiative groomed 28 high potential leaders
- Over 100 fresh hires for the Group's manpower requirements were inducted through a structured integration process

Awards and accolades

- Received Asia's Best Employer Brand Award for 'Talent Management' by the Employer Branding Institute

- 'Significant Achievement in HR Excellence' award by the Confederation of Indian Industry (CII)

SUBSIDIARY COMPANIES

RANE (MADRAS) LIMITED (RML)

Overview

RML is engaged in the manufacturing and marketing of Steering & Suspension Linkage Products and Steering Gear Products (SGP) in every segment of commercial vehicles viz. Multi Utility Vehicles, Light & Heavy Commercial Vehicles and Farm Tractors. RML enjoys a dominant market share across all its product segments.

Manufacturing Facilities

RML has five best in class manufacturing facilities located at Velachery & Varanavasi in Tamil Nadu, Thirubhuvanai in Puducherry, Mysore in Karnataka and Pant Nagar in Uttarakhand. Each of the four plants located in Southern India cater to specific industry segments while the fifth plant located in Northern India caters to customers requiring specialized, high end components.



Quality Certifications

Certifications/Awards	Purpose
ISO/TS 16949:2002	Quality Management systems
ISO 14001	Environmental Management systems
OHSAS 18001	Occupational Health and Safety Management systems
Deming Prize	Excellence in TQM
Deming Grand Prize	Outstanding and sustained excellence in TQM

Operational Highlights

- Launched hydro-static steering gears and cylinders for Farm Tractors and commercial vehicles
- Commenced exports to Brazil with a focus to penetrate South American markets
- Incurred a capex of ` 12 crore towards capacity enhancement for manufacturing hydrostatic steering gears and cylinders
- Installed variable frequency drives for making machines energy efficient, optimized use of third party power and windmill to reduce power costs and reduced power costs in heat treatment

Awards and accolades

- Received the Deming Grand Prize (DGP) for outstanding and sustained excellence in TQM, placing RML one among the 25 companies in the world who have been awarded the DGP
- Bagged the award for Superior performance in the field of Quality and Delivery improvement from MSIL
- Received the "Overall Performance Award" from TATA MOTORS & "Best Supplier Award" from TAFE.

Financial highlights

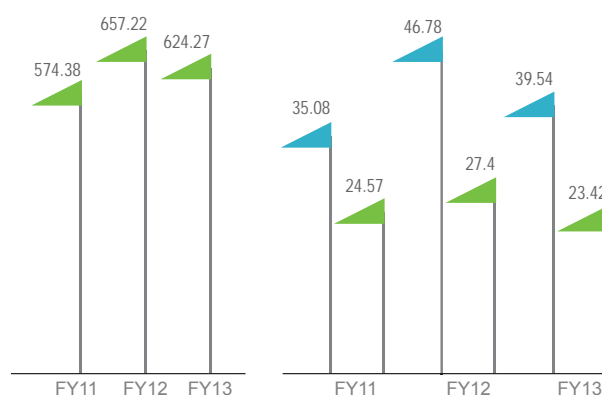
- Net Sales decreased by 5% from ` 657.22 crore in 2011-12 to ` 624.27 crore in 2012-13 owing to drop in domestic vehicle demand
- Domestic sales declined by 8% and export sales increased by 20% compared to previous year.
- Operating profit decreased from 7% to 6% owing to lower absorption of committed fixed cost

Performance

Product lines	(` Crore)		
	FY13	FY12	Growth %
Steering & Suspension Linkage Products	328.30	347.64	-6%
Steering Gear Products	295.97	309.58	-4%
Total	624.27	657.22	-5%

Financial Performance

Net Sales (` Crore) **Operating and Net Profit** (` Crore)
 ▲ Operating Profit ▼ Net Profit (PAT)



Outlook

Going ahead, RML plans to undertake aggressive market development activities to identify new customers in domestic as well as export markets for its existing range of products.

The hydrostatic steering gears and cylinders markets are the major growth areas as the market is expected to grow manifold over the next three years. RML plans to diversify its product portfolio by developing more products for the hydraulic segment to strengthen its position significantly.

Other key priorities for the coming year are:

- Expand Rack and Pinion business through new customer acquisition
- Establish stronger position in suspension ball joints
- Expand the scope and reach of our products in after market segment

RANE ENGINE VALVE LIMITED (REVL)

Overview

REVL is engaged in the manufacturing and marketing of engine valves, valve components, guides, and tappets in every section of the auto industry. REVL is equipped with the latest manufacturing practices, cutting edge technology and is a market leader in its industry. Its clientele is spread across Europe, North America and the Far Eastern markets catering to some of the best known brands like Volkswagen, Deutz and Yamaha among others.

Manufacturing facilities

REVL has five plants located at Alandur, Ponneri & Viralimalai in Tamil Nadu and Medchal & Aziz Nagar in Andhra Pradesh, employing around 1,400 employees.

Quality certifications

- Received several recognitions and awards from OEM customers such as Best Supplier Award for Delivery and Quality Improvement from MSIL
- Received re-certification of ISO 14001:2004 for environmental management in Trichy plant
- Received Green Vendor Development Program (GVDP) award from Hero Motocorp Ltd.

Operational highlights

- Optimised power consumption by using power from windmill and private sources which resulted in 10% reduction in power consumption
- Implemented Lean Production Systems (LPS) which enabled us to reduce wastages and enhance equipment & manpower productivity

Awards and accolades

- Received the safety award from Tamil Nadu government for our focus on Safety and Performance
- Received Direct On-line Certificate (DOL) from Hero Motocorp Ltd.
- Received an "A" rating from Volkswagen for quality management system, becoming one of the five companies in the country to receive this rating

- Bagged the Manufacturing Excellence Award from CII
- Received the "Best supplier award for quality and delivery improvement" from MSIL

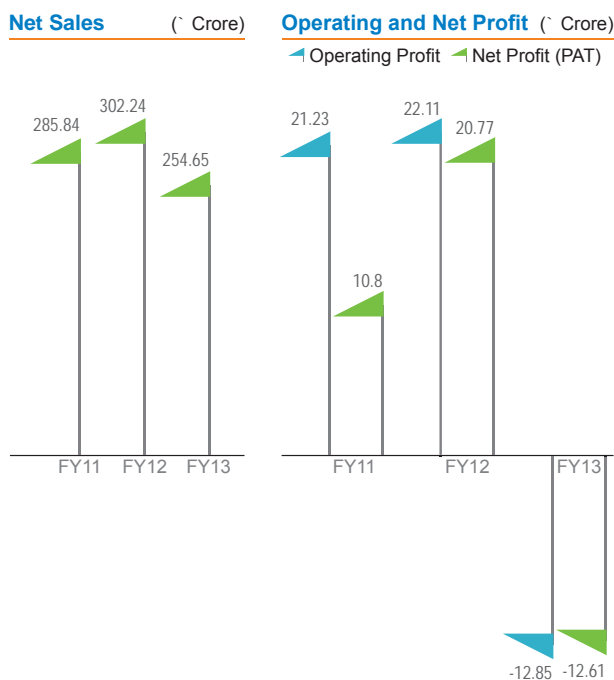
Financial highlights

- Domestic sales decreased to ₹ 185.68 crore from ₹ 211.38 crore in the previous year owing to drop in growth of all the key segments as well as the skewed growth of the unserved segments
- Registered a 24% decrease in exports compared to 7% increase in the previous year
- Reported net loss of ₹ 12.61 crore owing to lower sale and high energy cost due to acute power shortage across all the plants

Performance

Product lines	FY13	FY12	Growth %
Engine Valves	228.63	268.48	-15%
Other Engine Components	26.02	33.76	-23%
Total	254.65	302.24	-16%

Financial Performance



Outlook

As the domestic market is expected to revive only in the second half of FY14, the Company's immediate focus is on expanding export business by tapping potential markets like South America.

As a major cost initiative, REVL is consolidating the operations to achieve operational as well as cost efficiency.

RANE BRAKE LINING LIMITED (RBL)

Overview

RBL is engaged in the manufacture and marketing of brake linings, disc pads, clutch facing, clutch buttons, brake shoes and railway brake blocks for passenger cars, utility vehicles, commercial vehicles, two wheelers and railways. RBL has emerged as the most preferred brand in independent replacement markets. It has entered into a Joint Venture with Nisshinbo Brakes Inc., Japan for transfer of technical know-how in asbestos free brake linings, disc pads and clutch facings.

RBL's products find application in every segment of the automobile industry making it the market leader in the domestic automobile market. It is the leading supplier of composite brake blocks to the Indian Railways.

Manufacturing facilities

The complete spectrum of RBL products are manufactured from the four plants located at Chennai and Trichy in Tamil Nadu, Hyderabad in Andhra Pradesh and Puducherry. All the plants have state-of-the-art manufacturing facilities ensuring products of the highest quality standards and safety requirements. The manufacturing facilities focus on quality products by implementing Total Employee Involvement (TEI), Poka Yoke and Statistical Process Control (SPC) practices.

Quality Certifications

Certifications/awards	Purpose
ISO 9000:2008	Quality Management
TS 16949:2009	Quality Management
OHSAS 18001:2007	Occupational Health and Safety management
ISO 14001:2004	Environmental management
Deming Prize	Total Quality Management (TQM)

Operational highlights

- Launched new Brake Lining and Disc Pads for MUV, Passenger Car and M&HCV applications and 'L' type brake blocks for Malaysian Railways.
- Introduced asbestos free (AF) brake lining for low floor buses, AF Disc Pad for passenger cars & SCVs and Bonded shoes for MUVs
- Global / alternate sourcing of materials coupled with yield improvement projects helped in mitigating forex impact on raw material.

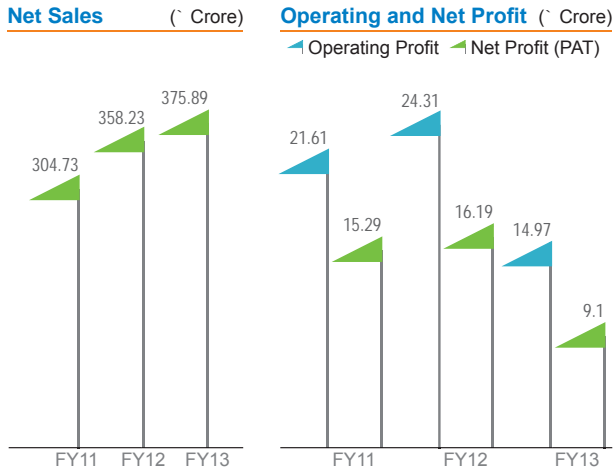
Financial highlights

- Reported a 5% increase in Net Sales from ` 358.23 crore to ` 375.89 crore on account of higher sales to OEMs, After Market and Railways
- Operating profit (EBIT) declined by 38% from ` 24.31 crore to ` 14.97 crore owing to strengthening of US Dollar & Japanese Yen against Indian rupee resulting in steep increase in raw material cost and prevailing power shortages in Tamil Nadu and Andhra Pradesh
- Net profit decreased by 44% from ` 16.19 crore to ` 9.10 crore

Performance

Product lines	(` Crore)		
	FY13	FY12	Growth %
Brake Linings	189.39	194.10	-2%
Disc Pads	143.95	129.26	11%
Other Products	42.55	34.87	22%
Total	375.89	358.23	5%

Financial Performance



Outlook

The demand for asbestos-free braking products is expected to grow across all vehicle categories in the automotive industry. At RBL, we are well positioned to meet the demand from OEM and aftermarket for asbestos-free products. RBL has plans to increase export sales and are exploring opportunities in Africa and other countries, with special focus in developing new business in untouched and low presence markets in OEM and new market segments for export.

RANE DIECAST LIMITED (RDL)

Overview

RDL is engaged in the manufacturing of aluminum alloy based High Pressure Die-casting products primarily for passenger cars, utility vehicles and engines for tractor/power applications. RDL's products cater mainly to the export market and its competency lies in manufacturing of specialized castings having stringent porosity/leak specifications.

Manufacturing facilities

RDL operates from its plant located at Hyderabad for Aluminum high pressure die casting & Machining and Sub-assemblies.

Operational highlights

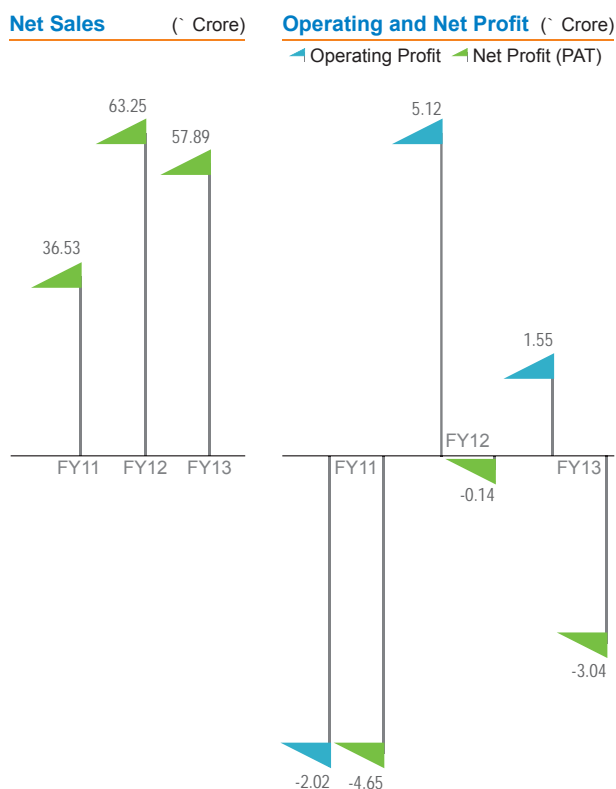
- Added capacity of 600 MT at Hyderabad plant with a Capex of ₹ 10 crore for new pinion housing business
- Accredited with re-certification of TS 16949 2008-09 for quality management
- TQM & TPM has been launched recently in the Company to improve competitiveness



Financial highlights

- Reported a decrease of 8% in Net Sales to ₹ 57.89 crore from ₹ 63.25 crore due to delay in development of Pinion Housing for Ford Focus
- Registered a 13% de-growth in Export sales from ₹ 49.36 crore in the previous year to ₹ 43.11 crore
- Reported Loss of ₹ 3.04 crore in FY 2012-13 against loss of ₹ 0.14 crore in the previous year

Financial Performance



Outlook

Going forward, RDL will focus on engine components for domestic market apart from increasing the current steering housings for export market. The US passenger car segment witnessed a significant growth in last couple of years which helped RDL secure new orders and it is likely to continue in the next two years.

The strategy of RDL is to increase sales volumes in the domestic market with the existing customers and

develop business with new customers. It plans to increase its domestic sales to ₹ 45 crore by 2015-16 from ₹ 15 crore at present.

RANE HOLDINGS AMERICA, INC. (RHAI)

RHAI was incorporated in 2012 as a wholly owned subsidiary of the Rane Group in the State of Delaware, USA. The core objective of setting up RHAI was to focus on new business development in the North American and Latin American countries for the Rane Group.

During the year under review, exports of auto components to the North and Latin American regions was USD 30.3 million, an increase of 5% compared to USD 28.9 million in the previous year. This increase was supported by RHAI's efficient customer relationship management in these geographies.

Going ahead, RHAI will focus on expanding opportunities for the Rane Group in this geography. It will be aggressive in developing new business and explore opportunities for potential Joint Ventures.

JOINT VENTURE COMPANIES

RANE TRW STEERING SYSTEMS LIMITED (RTSSL)

Overview

RTSSL is engaged in the manufacture and marketing of fully integrated Hydraulic Power Steering Gears, Power Rack & Pinion Steering Gears, Hydraulic Pumps and Power Steering Fluid through Steering Gear Division (SGD) and Safety Seat Belts through Occupant Safety Division (OSD). Over the years, RTSSL has established a dominant market share in the Commercial Vehicle and Passenger Car Steering industry. In doing so, it has emerged as the preferred partner to Indian OEM majors in Passenger car, MUV, LCV and MHCV categories.

Manufacturing facilities

RTSSL operates four plants located at Viralimalai, Guduvancherry and Singaperumalkoil in Tamil Nadu and Pant Nagar in Uttarakhand employing around 962 persons.

Quality Certifications

RTSSL - OSD	RTSSL – SGD	Purpose
TS 16949 and ISO 14000	TS16949	Quality Management
ISO 14001	ISO 14001	Environmental management
-	OHSAS 18001	Occupational Health and Safety management
-	Deming Prize	Total Quality Management (TQM)
-	DGP	Excellence in TQM
FORD Q1	-	Ensuring Quality performance

Operational highlights

- Embarked on the installation of a new line for manufacturing inflatable restraint systems, viz. Airbags for passenger vehicles with a capacity of 3.2 lakh units per annum
- Increased the existing seat belt line capacity by 35% from 7.04 lakh units to 9.50 lakh units
- Ventured into new geography by exporting Seat Belts and Buckles to Brazil
- Commissioned a dedicated feeder for having uninterrupted power supply in Fully Integral Gear plant, leading to reduction in generator usage from 61% to 10% and power cost savings of 25%

Awards and accolades

- Won the first prize in the ACMA southern regional level Quality Control Circle (QCC)
- Won the second prize in the CII regional level and state level QCC

Financial highlights

- Registered a marginal increase of 2% in Net Sales from ₹ 619.62 crore to 630.85 crore
- Achieved an export sale of ₹ 75.27 crore constituting 12% of Net Sales compared to sales of ₹ 96.41 crore in the previous year
- Registered a 32% decline in net profit from ₹ 48.91 crore to 33.24 crore owing to increase in commodity prices, weakening of rupee and underutilisation of capacity

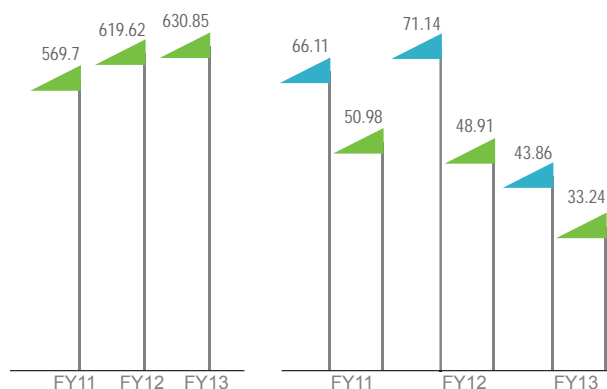
Performance

Product lines	FY13	FY12	Growth %
Steering Gear Division	551.96	550.39	0.3%
Occupant Safety Division	78.89	69.23	14%
Total	630.85	619.62	2%

Financial Performance

Net Sales (₹ Crore) **Operating and Net Profit** (₹ Crore)

▲ Operating Profit ▲ Net Profit (PAT)



Outlook

Going forward, RTSSL will focus on developing new technologies and proactively work on new product development by anticipating future markets and customer preferences. RTSSL has created separate focused teams to develop new technology projects in the areas of energy saving, noise reduction, weight reduction and vehicle ride and handling improvements, as these areas are the new emerging opportunities. Technological up-gradations are being done in the existing products and new products are designed to meet the enhanced customer requirements.

RTSSL is exploring opportunities with OEMs for the possibility of supporting their export vehicles with its gears as completely knocked down (CKD) supplies. The company is also in dialogue with TRW Commercial Steering System for exploring opportunity for exporting fully integral gears and components to Europe and US in order to leverage on its cost competitiveness. Further, it is also working with TRW AP for aftermarket assembly and component exports from the spares parts division.

The company's seat belt growth is expected to have a mix of domestic and export market with a blend of new technology pre-tensioner and standard ELR apart from expanding foothold in Inflatable Restraint Systems (IRS).

The company is exploring possibility of using renewable energy such as solar power in place of diesel generators for power requirements.

RANE NSK STEERING SYSTEMS LIMITED (RNSSL)

Overview

RNSSL is a joint venture with NSK Ltd., Japan, which is engaged in the manufacturing and marketing of electric power steering (EPS) and manual steering column (MSC) for passenger cars and commercial vehicles.

Operational highlights

- Registered a capacity increase of 24% in the EPS worm line by improving cycle time
- Achieved incremental cost savings in raw material owing to localization of critical components for EPS

Awards and accolades

- Bagged the 'Best Kaizen Award' from Toyota Kirloskar Supplier Association
- Received the "Sincere Efforts and Superior Performance in the field of Focused Cost Down" from MSIL

Financial highlights

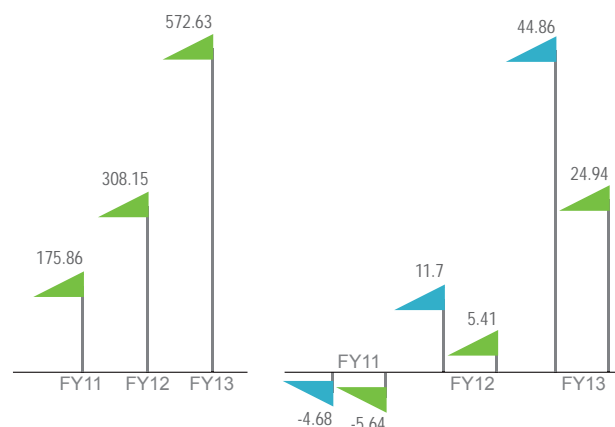
- Net Sales increased 86% from ₹ 308.15 crore to ₹ 572.63 crore owing to increased off- take from Customer on served Electrical Power Steering (EPS) models
- Net profit surged to ₹ 24.94 crore from ₹ 5.41 crore in the previous year on account of increased volumes, material cost reduction and operational performance improvements

Performance

Product lines	FY13	FY12	Growth %
Electric power Steering (EPS)	460.06	198.27	132%
Manual Steering Column (MSC)	112.57	109.88	2%
Total	572.63	308.15	86%

Financial Performance

Net Sales (₹ Crore) **Operating and Net Profit** (₹ Crore)
 ← Operating Profit ← Net Profit (PAT)



Outlook

RNSSL is aiming to achieve self-sufficiency in Commercial Vehicles design capability and establish technical leadership in the Commercial Vehicles segment. It is also planning to enhance its application engineering capability for EPS columns to meet customer's support requirements.

RNSSL has identified aggressive localisation plans to reduce the import contents in EPS business. The company is planning to strengthen its supply chain in MSC to reduce the material costs.

It will further strengthen its presence in Commercial Vehicles market segment by launching a slew of new products.

JMA RANE MARKETING LIMITED (JMA RANE)

JMA Rane is a joint venture with Jullandur Motor Agency Company Ltd. JMA Rane is a trading company dealing with automobile components. During the year 2012-13, sale of JMA Rane decreased by 14% from ₹ 59.24 in FY11 to ₹ 51.08 crore in FY13.

Financial Performance

Net Sales (₹ Crore) **Operating and Net Profit** (₹ Crore)
 ▲ Operating Profit ▲ Net Profit (PAT)



ASSOCIATE COMPANIES

KAR MOBILES LIMITED (KML)

Overview

KML commenced operations in 1974 and is engaged in the manufacture and marketing of large engine valves. It caters to the requirements of a wide variety of industries and is the preferred supplier to OEMs domestically as well as globally. KML is the first Indian company to become a vendor partner to Electro Motive Diesel, erstwhile General Motors.

Manufacturing facilities

KML operates two plants located at Peenya and Tumkur in Karnataka. The manufacturing facilities are accredited with TS 16949 certification for best quality management practices and ISO 14001 certification for best environmental management practices.

Operational highlights

- Commissioned two production lines at Tumkur, leading to increase in valve production by 1.8 million units per year

Awards and accolades

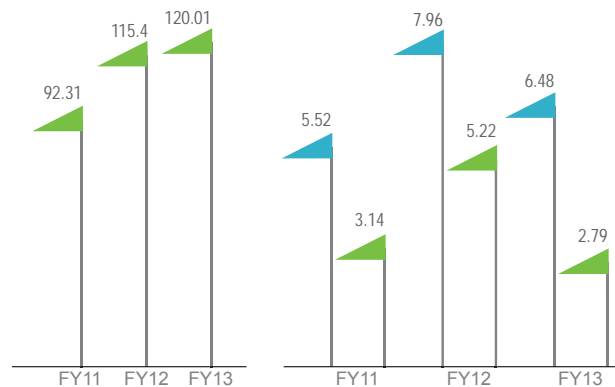
- Bagged the gold award in QCFI QCC competition and QCFI Kaizen competition held in Bangalore

Financial highlights

- Net Sales increased to ₹ 120.01 crore from ₹ 115.40 crore, an increase of 4 %
- Export sales increased 12% from ₹ 53.05 crore to ₹ 59.26 crore
- Operating profit declined by 19% from ₹ 7.96 crore to ₹ 6.48 crore
- Net Profit decreased by 47% from ₹ 5.22 crore to ₹ 2.79 crore

Financial Performance

Net Sales (₹ Crore) **Operating and Net Profit** (₹ Crore)
 ▲ Operating Profit ▲ Net Profit (PAT)



Outlook

KML plans to focus on developing medium and large engine valves for the domestic as well as export markets. The company is in talks with global customers for supplying large engine valves and further plan to strengthen its market development activities aggressively in the coming year.

SASMOS HET TECHNOLOGIES LIMITED (SASMOS)

SasMos HET Technologies Limited is a leading manufacturer of defence, marine and aerospace products such as cable assemblies, wiring harness, panel boxes, and electro-mechanical assemblies. It is engaged in design, prototyping and manufacture of customized electronic solutions across domains including electrical interconnection of solutions and electronics systems design and integration for defence and aerospace applications. Rane, in its bid to diversify from the automobile segment and enter into new business, acquired 26% stake in SASMOS in 2011-12.

Manufacturing facilities

SASMOS has one manufacturing plant located at Whitefield in Bangalore and employs 174 persons.

Operational highlights

- Started operations of a new business vertical – ADONIS, which specializes in design and development of Electronic Warfare Systems, Automated Test Equipment and Radar Echo Simulators involving Digital Electronics and Embedded Systems
- Developed a new electro-mechanical component system for two axis steering mechanism for a sensor/ camera used in missile application
- Developed a new product for testing Flight Management Systems of airbus and aircrafts
- Ventured into new geographies and started exporting its products to the markets of Singapore and USA

Financial highlights

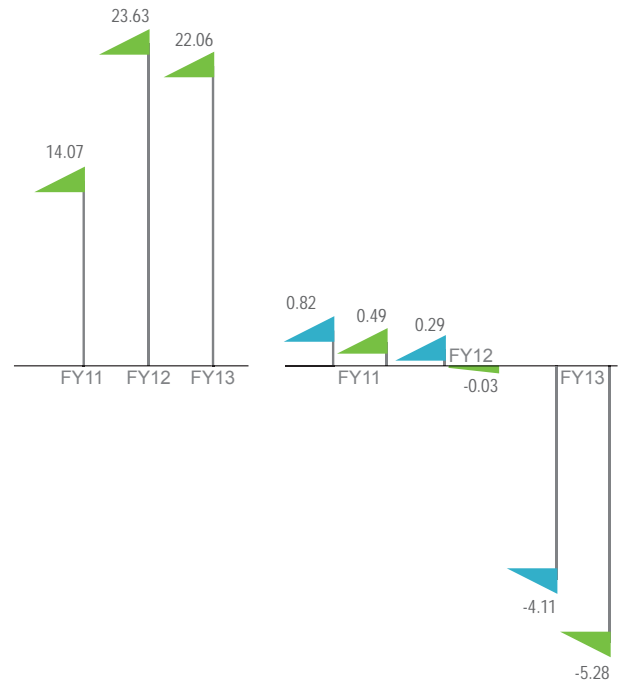
- Registered a 7% decrease in Net Sales from ₹ 23.63 crore to ₹ 22.06 crore, owing to delay in procuring orders for the current year.
- Domestic sales constituted 36% of the total sales at ₹ 8.04 crore as compared to 29% in the previous year at ₹ 6.88 crore
- Export sales decreased by 16% from ₹ 16.75 crore to ₹ 14.02 crore
- Operating loss for the current year is ₹ -4.11 crore compared to profit of ₹ 0.29 crore in the previous year

Financial Performance

Net Sales (₹ Crore)

Operating and Net Profit (₹ Crore)

Operating Profit Net Profit (PAT)



Outlook

SasMos will explore opportunities for partnering with private and public enterprises in defence and aerospace domains, both domestically as well as globally. It will join hands with new associates in its industry/domain for business development and faster access to market.

The company is aggressively developing new products such as wiring harness for space applications and Echo Simulator used for testing Radars. Sasmos is in dialogue with large players, to explore future business opportunities for growth.

With the regulatory changes in the Defence Procurement Procedure (DPP) 2011, there is going to be more stress on indigenization in the country. In order to capitalize on these emerging realities, the company has formed teams and has set targets for identifying and developing indigenous alternatives to imported parts.

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 operating management approve annual internal audit plan in the beginning of the year. The findings of the internal auditors in their quarterly audit are placed before the Audit Committee at each of its quarterly meeting for review. The response of the operating management and counter measures proposed are discussed in the Audit Committee meetings. This process not only seeks to ensure the reliability of internal control systems and compliance with laws and regulations but also covers resource utilization and system efficacy.

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 year experience, probability of occurrence, probability of non-detection and its impact on business. Every quarter, the top management reviews the strategic risks, the risks with high probability and high impact and presents its report to the Board of Directors together with the risk mitigation plan on half-yearly basis. The strategic risks are taken into consideration in the annual planning processes. Other risks are covered as part of internal audit process and presented to the Audit Committee every quarter. The risk ratings are revalidated with the top management as part of the internal audit process every quarter. The overall re-assessment of risks at company level is carried out and presented to the Board once in two years for their review.

Overall group outlook

The year 2012-13 was a dismal year for the Indian auto industry and the woes are likely to continue well into 2013-14. The outlook of the automobile industry for FY 2014 looks gloomy as the factors that impact consumer buying behavior has not been positive. With high vehicle finance rates, inflation, fuel prices and lower economic growth, the first half of FY2014 will see decline in automobile sales growth.

The industry, however, is hopeful that the second half of FY2014 will see some revival in automobile sales. In the first quarter of FY2014, there has been some positive action on the policy front with the reduction in petrol prices, fall in inflation rate, marginal decline in interest



rates and improvement in overall macro-economic conditions. As a result, the consumer sentiment is expected to improve gradually and the industry will see growth in sales by the end of FY 2014.

Rane group has technical collaboration with global auto leaders to develop new products for new generation vehicles and also manufacture niche customized products meeting specific requirements. The Group is taking rigorous efforts to retain market leadership and increase profitability through operational efficiencies and effective cost control measures.

The Group anticipates a moderate demand for the products manufactured by its group companies in domestic as well as export markets. The Group has focused and aggressive plans to explore more geographical regions and increase its global footprint. Once the markets start improving and the industry starts growing, the demand for the company's products will improve which will in turn lead to the growth of the companies in the Group.

Opportunities & Threats

With one of the largest talent pool, top notch engineering skill sets, high quality human resources, abundant raw material resources and high quality manufacturing facilities at par with those elsewhere in the globe, India is positioned to emerge as the global resource hub for OEM and auto components manufacture.

Rane has been riding high by capitalizing on India's distinct low cost manufacturing capabilities and quality advantages. Over the years, the company has improved its market leadership position, brand equity, human resources skill sets, total quality management practices, scaled up operations in short lead time, and collaborated in technology front with global automotive leaders. The Group will focus on further developing and improving its strengths.

The Indian auto component industry is exposed to certain threats such as unceasing cost reduction

demand from OEMs, spiraling commodity prices affecting input cost structure, higher borrowing costs, weak economic growth leading to slowdown in the industry, and apprehension about weak economic expansion in developed countries among others.

Information technology

- Rane's centralized IT set up (Rane Data Centre) caters to IT Application and Infrastructure support across group companies.
- Rane Group continues to use enterprise-wide system (SAP) to enable transacting business operations across the group companies. Process improvements are routinely carried out in SAP for enhancing productivity.
- Supplier portal functionalities have been enhanced to have two-way communication thereby furthering the supply chain visibility.
- Benchmarking studies and customer insighting done to understand requirements and implement best practices for enhancing the IT utilization.
- Rane Data Centre implemented Server virtualisation, Workflow application, and Video conferencing facilities to enhance productivity.
- Rane Data Centre is re-certified in March, 2013 by TUV under ISO/IEC 270001 - ISMS for Management of Information Security

Human Resource

Human Resource is a continuous and ever evolving function at Rane. Our people philosophy focuses on delivering on our Employer Brand Promise (EBP) thereby aligning the aspirations of our people and the company. We design HR processes around our EBP to create meaningful and enduring experiences by developing, nurturing and institutionalizing a culture of high performance and innovation.

Talent Management



- Working our way towards profitable growth, we have embarked upon an innovation journey, creating an innovation agenda for the group. We firmly believe our people are the backbone in pursuit of profitable growth. We have invested about 35 days of training effort and 650 man-days of capability building in this area thus far. Teams are working on select projects with the objective of taking quantum leaps in the areas of product development, business processes re-engineering etc.
- Average age of our employees is about 33. Over 100 fresh hires were inducted and assimilated through a structured integration process. With more and more young population joining the workforce, it calls for deft balancing and management of aspirations and expectations. We will constantly foster a culture of excellence by educating employees on leveraging generational diversity.
- Rane Institute for Employee Development (RIED), the group's Management Development Center has delivered more than 150 programs to our employees, spread over 6800 man-days. As part of our Professional Development Architecture, the 5th Batch of Rane Advanced Management Program,

a long duration leadership development initiative was delivered to groom 28 high potential mid-level managers. We continue to design learning programs that proactively enable a smooth transition for people to transcend to next level.

- The improved Performance Assessment & Development System (PADS) has significantly helped our employees in their appraisal process enabling quality assessment, anchoring meaningful discussion on performance, potential and addressing their development needs. People perceived significant value in the new version as evident from the feedback survey.
- With 35% people getting promoted, the career growth in Rane complements our living the EBP of enhancing career opportunities and most vacancies met through internal promotions.
- In our constant endeavor to strengthen corporate governance, the Rane COMPASS – the refreshed Ethical Standards of Behavior was rolled out making it contemporary and comprehensive. To complement it further, Whistle Blower Policy was introduced with a view to checking undesirable behavior and taking corrective actions.

- PROPEL – Rane house magazine was launched with the objective of engaging with and aligning people with the current scenario and emerging landscape. It also serves as a great communication platform to derive as well as drive ideas and apprise various stakeholders on the key events and happenings.
- HR AWARDS – Our initiatives in the areas of people practices 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. One of our group companies Rane Brake Lining Limited has appeared among the top companies in the Auto Component industry in the 'India's Best Companies to Work For' conducted by Great Place to Work Institute.

Key Message to shareholders

Volatility and turbulence is a way of life – people have moved on and have adapted to business environment where they expect the unexpected.

- Our agility of response time has improved significantly
- We are able to manage the adverse situations with limited damage

Our focus areas for the future are:

- To intensify engagement with employees across levels to promote and sustain a stable employee relations climate
- To nurture and support a culture of innovation
- To identify and develop leadership talent at all levels to drive our business agenda of Profitable Growth
- To build a succession pipeline for all critical positions with complete succession cover
- To leverage the multi-generational workforce for pursuing opportunities on a global scale
- To promote collaboration, fun and continuous real-time learning through increased use of technology tools
- To institute Total Rewards framework encompassing the cultural, developmental, compensation and benefit aspect that will lead to a holistic approach towards talent management

Disclaimer

The information and opinion expressed in this section of the Annual report consists of certain 'forward looking statements' which management believes are true to the best of its information at the time of its preparation. The company shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein.





Corporate Information

Directors

L Lakshman, *Executive Chairman*
L Ganesh, *Vice Chairman*
Harish Lakshman
Krishnan S Waran
Shujaat Khan
Anjanikumar Choudhari
Anil Kumar Nehru

Audit Committee

Krishnan S Waran, *Chairman*
L Ganesh
Anjanikumar Choudhari
Anil Kumar Nehru

Investors' Service Committee

Harish Lakshman, *Chairman*
L Ganesh
Krishnan S Waran

President-Corporate Services

R Venkatanarayanan

Secretary

C Siva

Executive Vice President – Corporate Finance & Business Development

S Sethuraman

Shares Listed on

Bombay Stock Exchange Limited, Mumbai
National Stock Exchange of India Limited, Mumbai

Statutory Auditors

Deloitte Haskins & Sells, Chartered Accountants
'ASV Towers', 7th Floor, Old No. 37 ; New No. 52
Venkatanarayana Road, T Nagar, Chennai 600 017.

Bankers

HDFC Bank Limited, Chennai 600 004.
YES Bank Limited, Chennai 600 034.
Citibank N A, Chennai 600 002.

Registered Office

'Maithri' 132, Cathedral Road, Chennai 600 086
Phone : (044) 2811 2472 Fax : (044) 2811 2449
Email : investorservices@rane.co.in

Registrar and Share Transfer Agents

Integrated Enterprises (India) Limited
II Floor, 'Kences Towers', No. 1 Ramakrishna Street,
North Usman Road, T. Nagar, Chennai 600 017.
Ph: 28140801-03 E-mail : srirams@integratedindia.in

Report of the Directors

Your Directors take the pleasure in presenting the Seventy Seventh Annual Report together with the accounts for the year ended March 31, 2013.

1. Financial performance:

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

Sl. No.	Name of investee company	Products	Ownership of your Company
Subsidiary companies			
1	Rane (Madras) Ltd.	Manual steering and suspension systems	53.8%
2	Rane Engine Valve Ltd.	Valves, valve guides, tappets	53.6%
3	Rane Diecast Ltd.	Machined die cast products	78.7%
4	Rane Brake Lining Ltd.	Brake linings, disc pads, composite brake blocs	42.5%
5	Rane Holdings America Inc.	Providing business development services in North American region for Rane Group Companies	100%
Joint Venture companies			
6	Rane TRW Steering Systems Ltd.	Power steering systems and occupant safety systems	50.0%
7	Rane NSK Steering Systems Ltd.	Solid and energy absorbing steering columns, intermediary shafts, electric power assisted steering systems	49.0%
8	JMA Rane Marketing Ltd.	Distribution company for auto components (Rane and others)	49.0%
Associate companies			
9	Kar Mobiles Ltd.	Engine valves, collets and guides for internal combustion engines	39.5%
10	SasMos HET Technologies Ltd.	Designing, prototyping and manufacturing electrical inter-connection solutions, electronic design and integration for defense and aerospace applications	26.0%

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

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

Particulars	(₹ in Crore)	
	2012-13	2011-12
Income	57.73	63.91
Profit before tax	32.53	38.11
Provision for tax	6.58	3.86
Profit after tax	25.95	34.25
Surplus brought forward	62.58	47.23
Amount available for appropriation	88.53	81.48

During the year, income of your Company had reduced by 11% over that of the previous year. The earnings per share for the year 2012-13 was ₹18.17 compared to last year ₹23.99.

2. Appropriation

Taking into account ₹62.58 crore being surplus of profit brought forward from previous year and the Profit after tax of ₹25.95 crore, a sum of ₹88.53 crore is available for appropriation as dividend. During the year, your directors have declared and paid an interim dividend at the rate of 35% (i.e., ₹3.50 per equity share) on the equity capital for the year and have recommended a further 45% (i.e., ₹4.50 per equity share) as final dividend, making for a total dividend of 80% for the year ended March 31, 2013. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to ₹12.67 crore. After transfer of ₹2.59 crore to the General Reserve, ₹73.27 crore has been retained as surplus in the Profit and Loss Account.

3. Management Discussion & Analysis

Your Company holds strategic investment in subsidiaries, joint ventures and associates (collectively called 'Rane Group') engaged in the manufacturing and marketing of components for transportation industry and also provides management and other services to Rane Group. A detailed analysis of the automotive industry, group companies' performance, etc. are discussed in a separate section in this Annual Report under the heading 'Management Discussion & Analysis'.

4. Consolidated financial statements

The following methodology as specified under applicable accounting standards have been applied in consolidating the financial results of the group companies in the consolidated financial results attached in the annual report:-

- (a) **Subsidiary companies** – each line item of income, expenditure, assets and liabilities have been consolidated one hundred percent. Minority interests have been appropriately considered.
- (b) **Joint Venture companies** – each line item of income, expenditure, assets and liabilities have been consolidated based on the percentage of share held in these companies.
- (c) **Associate companies** – share in the profit after tax based on the percentage of share held has been consolidated.

The consolidated financial statements of the Company are prepared based on the audited financial statement of the subsidiary companies, joint-venture companies and associate companies, except in the case of JMA Rane Marketing Limited where the provisional accounts have been considered.

In accordance with the general exemption granted by Ministry of Corporate Affairs (MCA), New Delhi vide circular no.2/2011 dated February 8, 2011, the Company has not attached the financial statements of the subsidiary companies. However, the financial information of the subsidiary companies, duly audited by the auditors, are disclosed in this annual report.

As directed in the said circular, the Company undertakes to make available a soft or hard copy of the annual report and annual accounts of the subsidiary companies and the related detailed information to investors, as may be required by them, seeking such information at any point of time, on demand. The annual accounts of the subsidiary companies has been posted in the website of the Company viz. <http://rane.in> and also kept open for inspection by any investor at the registered office of the Company and that of the respective subsidiary companies. The consolidated financial statements presented by the Company, which form part of this annual report, include financial results of its subsidiary companies.

5. Fixed deposits

Your Company does not accept any deposit from public in terms of Section 58A of the Companies Act, 1956 and the rules framed thereunder.

6. Board of Directors

Mr. L Ganesh, director, retires from the Board by rotation and being eligible, has offered himself for re-appointment.

The notice convening the ensuing Annual General Meeting (AGM) includes the proposal for his re-appointment as director.

Mr. Krishnan S Waran, director, retires by rotation and does not seek re-election at the ensuing AGM. The Board records its appreciation for the valuable services rendered by Mr. Krishnan S Waran during his tenure as Director. The Board has decided not to fill-up the vacancy caused by the retirement of Mr. Krishnan S Waran at the ensuing AGM.

Mr Anil Kumar Nehru 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 signifying the intention to propose the appointment of Mr Anil Kumar Nehru as director of the Company, at the ensuing AGM.

During the year, Mr V Narayanan and Mr. Ravi Vira Gupta 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 them during the tenure, as Directors of the Company.

7. Conservation of Energy and Natural resources

The Company is conscious of the imperative to protect environment and the natural resources for achieving sustainable economic growth and have started several initiatives in this regard such as conservation of energy and water and eco-friendly waste management systems.

8. Research and Development Activities

In view of the nature of activities of the Company, provisions of Section 217(1)(e) of the Companies Act, 1956 are not applicable.

9. Foreign exchange earnings and outgo

There was no foreign exchange earned during 2012-13. The foreign exchange outgo was ₹1.09 crore on account of professional / consultancy charges and foreign travel.

10. Employees

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

11. 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.

12. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 and based on representations received from the 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 and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

13. Corporate Social Responsibility

The vision of Rane Group 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 are as follows:

- Rane Polytechnic Technical Campus (RPTC)
 - We have invested about ₹10 crore over the last three years in establishing RPTC. For the academic year 2012-13, RPTC had 205 students in two disciplines viz. Mechanical and Civil Engineering.
 - RPTC has also been approved by AICTE for offering an additional course of Mechatronics Engineering and increased intake for Mechanical Engineering. This takes the total intake capacity to 240 students per year.
 - RPTC has been approved as one of the polytechnic colleges for the implementation of Canada India Institutional Cooperation Project (CIICP) by the State Project Coordination Unit established under DOTE.
 - Under the CIICP umbrella, RPTC aims at offering a wide range of programs that meet the specific skill needs of the industry and community.
- Along with financial support, through collaborative efforts, specific and customized programs such as Student Psychology Management, Communication and Team building skills and IT utilization were organized for the teachers of Ganapathy Iyer Girls High School to enhance teaching effectiveness.
- We have delivered 100 man-hours to The Banyan helping with process improvement as well as lending expertise in competency enhancement to increase administrative efficiency.
- Provided financial and technical support to Kuppusamy Sastri Research Institute in digitizing their collection of rare manuscripts to preserve our rich literature and cultural heritage.
- Around 50 employees of the Rane Group along with their family members participated in The WIPRO Chennai Marathon TWCM 2012. TWCM partnered with United Way Chennai to support their efforts in the areas of education, health and livelihoods. Rane Group contributed towards this cause.

14. 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 'B'.

For and on behalf of the Board

Chennai
May 27, 2013

L Lakshman
Executive Chairman

L Ganesh
Vice-Chairman

Annexure-A to Report of the Directors

Particulars as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, annexed to and forming part of the Directors' Report for the year ended March 31, 2013.

Sl. No.	Name	Age	Designation / Nature of Duties	Date of Commencement of Employment	Remuneration (₹)	Qualification	Experience (Years)	Particulars of Last Employment
1	Mr. L Lakshman	66	Executive Chairman	01.04.2008	1,55,13,404*	B.E Executive MBA, London Business School	43	Rane Brake Lining Limited, Managing Director
2	Mr. L Ganesh	59	Vice-Chairman	01.08.2009	1,02,00,394	B.Com ACA,MBA	34	Rane Engine Valve Limited, Chairman & Managing Director

* Includes commission of ₹78,00,000 for the year 2012-13

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 service of employee is contractual in nature.
3. Mr. L Lakshman, Executive Chairman and Mr. L Ganesh, Vice Chairman are related to each other. Mr. L Lakshman is also related to Mr. Harish Lakshman, Director.
4. No employee of the Company is covered by the provision of Section 217(2A) (a) (iii) of the Companies Act, 1956.

For and on behalf of the Board

Place : Chennai
Date : May 27, 2013

L Lakshman
Executive -Chairman

L Ganesh
Vice-Chairman

Annexure - B to Report of the Directors Corporate Governance

1. Philosophy on Code of Governance

Rane Group's time tested philosophy of Governance is based on principles of integrity, transparency and fairness. The Rane businesses seek enhancement to shareholder value within this framework. Employee behaviour is nourished by this culture and is governed through a policy document "Ethical Standards of Behaviour – 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** directors. The composition of the non-executive directors (71.4%) and independent directors (57.1%) 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 30, 2012, August 10, 2012, November 7, 2012, February 6, 2013 and March 29, 2013. The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships / memberships held by them in other companies are given below:

Name of the Director	Category	No. of board meetings attended	Whether attended last AGM	Number of Directorship in other companies #		Number of Committees @	
				C	M	C	M
Mr. L Lakshman	Executive Chairman & Promoter	5	Yes	-	12	3	7
Mr. L Ganesh	Executive Vice-Chairman & Promoter	5	Yes	7	4	2	7
Mr. Harish Lakshman	Non-Executive Director & Promoter	5	Yes	-	8	2	2
Mr. V Narayanan ¹	Non-Executive & Independent Director	4	No	Not Applicable			
Mr. Krishnan S Waran	Non-Executive & Independent Director	5	Yes	-	2	2	1
Mr. Ravi Vira Gupta ¹	Non-Executive & Independent Director	4	Yes	Not Applicable			
Mr. Shujaat Khan	Non-Executive & Independent Director	2	No	-	2	1	-
Mr. Anjanikumar Choudhari	Non-Executive & Independent Director	4	No	1	1	-	1
Mr. Anil Kumar Nehru ²	Non-Executive & Independent Director	2	Not Applicable	-	4	1	2
Mr. Muneesh Chawla ³	Non-Executive & Independent Director	1		Not Applicable			

C = Chairman and M = Member

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

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

1 - Retired to be a director w.e.f. February 6, 2013

2 - Co-opted as an additional director at the Board meeting held on February 6, 2013

3 - Appointed as an alternate director to Mr. Shujaat Khan on May 30, 2012 and ceased to be a director on the same day.

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

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 Auditors and fixation of audit fee.
3. Review of quarterly / annual financial statements with Statutory Auditors and management before submission to the Board.
4. Reviewing with management the annual financial statements of the subsidiary companies.
5. Review of internal control systems with the management, Statutory Auditors and Internal Auditors.
6. Reviewing the adequacy of internal audit function.
7. Reviewing defaults, if any, in payments to shareholders and creditors.
8. Review of financial and risk management policies of the Company.
9. Reviewing the statement of significant related party transactions submitted by the management.
10. Reviewing the management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any.
11. Reviewing the internal audit reports relating to internal control weaknesses, if any.
12. 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. Krishnan S Waran	- Chairman	- Independent Director
Mr. L Ganesh	- Member	- Executive Director
Mr. Anjani Kumar Choudhary ¹	- Member	- Independent Director
Mr. Anil Kumar Nehru ¹	- Member	- Independent Director

¹ - Co-opted as a member into the Audit Committee w.e.f March 29, 2013

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

Mr. C Siva, Secretary of the Company is the Secretary to the Committee.

The Committee met **four (4)** times during the year on May 30, 2012, August 10, 2012, November 7, 2012 and February 6, 2013.

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

* - Retired to be a director w.e.f. February 6, 2013

The Statutory Auditor and the Internal Auditor were present as invitees in all the meetings. The Executive Chairman and head of finance of the Company attended the meetings by invitation. Based on the requirement, other directors attended the meetings by invitation.

In compliance with clause 41 of the Listing Agreement, the Audit Committee reviews the quarterly unaudited / audited 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 Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

The audit committee reviews all mandatory information under clause 49 of the Listing Agreement.

4. Remuneration Committee and Remuneration to Directors

During the year 2012-13, the Company has paid sitting fees of ₹20,000 for attending each meeting of the Board, ₹5,000 for attending each meeting of the Audit Committee to the non-executive directors and ₹2,500 for attending meeting of other committees of the Board, apart from reimbursement of actual travel and out-of-pocket expenses incurred by them for attending the meetings. No other remuneration is paid to the non-executive directors.

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

Name of the Director	Amount (₹)
Mr. Harish Lakshman	1,07,500
Mr. V Narayanan	95,000
Mr. Krishnan S Waran	1,20,000
Mr. Shujaat Khan	40,000
Mr. Ravi Vira Gupta	1,00,000
Mr. Anjanikumar Choudhari	80,000
Mr. Anil Kumar Nehru	40,000
Mr. Muneesh Chawla ¹	20,000

¹ - Appointed as alternate director to Mr. Shujaat Khan on May 30, 2012 and ceased to be a director on the same day.

No sitting fee is paid to Mr. L Lakshman and Mr. L Ganesh. Mr. L Lakshman and Mr. L Ganesh are paid remuneration in their capacity as “Managing Director” and “Joint Managing Director”, respectively, as per the provisions of Schedule XIII to the Companies Act, 1956. Remuneration paid to Mr. L Lakshman and Mr. L Ganesh, for the year ended March 31, 2013 was ₹1,55,13,404/- and ₹1,02,00,394/- respectively. Remuneration paid to Mr. L Lakshman includes a commission of ₹78,00,000/- for the year 2012-13.

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

Number of shares held by the Directors as on March 31, 2013:

Name of the Director	No. of shares
Mr. L Lakshman	6,75,075
Mr. L Ganesh	7,11,644
Mr. Harish Lakshman	1,12,317

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

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 viz. URL: <http://rane.co.in/pdf/coc.pdf>. The Board Members and Senior Management personnel affirmed their compliance with the code of conduct. Declaration from the Chief Executive Officer to this effect forms part of this report.

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

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

Mr. Harish Lakshman – Chairman
 Mr. L Lakshman¹ – Member
 Mr. L Ganesh – Member
 Mr. Krishnan S Waran² – Member

¹ - Ceased to be a member w.e.f March 29, 2013

² - Co-opted as a member w.e.f March 29, 2013

Mr. C Siva, Company Secretary is the Compliance Officer of the Company.

The Committee met three (3) times during the year on May 30, 2012, August 10, 2012 and February 6, 2013.

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

During the year, the Company received 4 complaints from the investors and all of them were disposed off. The complaints pertain to non-receipt / loss of share certificates, non-receipt of dividend warrant and demat of shares. One of the above-mentioned complaints was received from SEBI Complaints Redress System (SCORES). Action taken report, as required under SCORES has been duly submitted. During the year, no complaint was received from Ministry of Corporate Affairs/ Stock Exchanges. No investor complaints were pending unresolved at the year end.

7. General Body Meetings

Details of previous three Annual General Meetings are as follows:

Date	Special Resolutions Passed	Time	Venue
July 29, 2010 (Thursday) (74th AGM)	NIL	10.30 a.m.	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014
August 5, 2011 (Friday) (75th AGM)	Investment in other bodies corporate engaged in design and / or manufacture of defense, aerospace, shipping, railway products and systems and renewable energy products.	10.15 a.m.	Narada Gana Sabha (Main Hall), No.314, TTK Road, Chennai 600 018
August 10, 2012 (Friday) (76th AGM)	NIL	10.15 a.m.	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600 014

No resolution was required to be passed by means of postal ballot by the members of the Company during the year 2012-13.

8. Disclosures

During the year the Company has not entered into any transaction of material nature with any of the Promoters, Directors, Management, subsidiary companies or relatives etc., which were in conflict with the interest of the Company. The details of the related party transactions are stated in Note 28 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 stated in clause 49 (V) of the Listing Agreement.

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

- i. maintaining an office for the Chairman at the registered office of the Company.
- ii. adopting best practices to ensure a regime of unqualified financial statements.
- iii. individual communication of half-yearly results to shareholders.
- iv. 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/rhlpolicy.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 lists of statutory requirements are effectively complied through practice of Daily Routine Management (DRM) and Vital Activity Monitoring (VAM) charts. Reports relating to the compliance with various laws applicable to the Company are regularly reviewed and the vital issues are presented to the Audit Committee and the Board.

9. Means of Communication

The quarterly / annual financial results would be 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.

10. General Shareholder Information

i) Information about Director seeking re-appointment / appointment in this Annual General Meeting (AGM)

	<u>Re-appointment</u>	<u>Appointment</u>
Name of the Director	Mr L Ganesh	Mr Anil Kumar Nehru
Father's name	Mr. L L. Narayan	Mr. Braj Kumar Nehru
Date of birth	March 18, 1954	May 2, 1941
Educational qualifications	B.Com., ACA, MBA	<ul style="list-style-type: none"> • BSc and MSc Chemical Engineering, MIT USA • Executive Business Management Courses from <ul style="list-style-type: none"> - IIM Ahmedabad - Columbia University - Harvard Business School
Experience	Mr Ganesh has over 34 years of industrial experience. From October 2006, he has been the Chairman of Rane Group and is closely involved in the management of companies in Rane Group.	Mr Anil Kumar Nehru has 40 years of rich industrial experience.
Date of appointment	June 26, 1986	February 6, 2013
Other Directorships	Public Limited Companies Chairman & Managing Director Rane Engine Valve Ltd. Chairman Rane NSK Steering Systems Ltd. Rane TRW Steering Systems Ltd. Rane Diecast Ltd. Kar Mobiles Ltd. Rane (Madras) Ltd. Rane Brake Lining Ltd. SasMos HET Technologies Ltd. Director EIH Ltd. EIH Associated Hotels Ltd. JMA Rane Marketing Ltd.	Public Limited Companies Director EIH Ltd. EIH Associated Hotels Ltd. Ayurvet Ltd. Sanat Products Ltd.
Committee Memberships	Chairman – Audit Committee EIH Associated Hotels Ltd. Member – Audit Committee Rane Holdings Ltd. Rane Brake Lining Ltd. Rane TRW Steering Systems Ltd. Rane NSK Steering Systems Ltd. Chairman – Investor Service Committee Kar Mobiles Ltd. Member – Investor Service Committee Rane Holdings Ltd. Rane Brake Lining Ltd. Rane Engine Valve Ltd.	Chairman – Audit Committee Ayurvet Ltd. Member – Audit Committee EIH Ltd. EIH Associated Hotels Ltd.
No. of shares held	7,11,644	NIL

Mr. Krishnan S Waran, Director, retires by rotation and does not to seek re-election at the ensuing AGM. The Board has decided not to fill-up the vacancy caused by the retirement of Mr. Krishnan S Waran at the ensuing AGM.

- ii) **Annual General Meeting** **August 12, 2013 at 10.15 a.m.**
The Music Academy (Mini Hall), New No.168,
TTK Road, Royapettah, Chennai 600 014

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

Financial Calendar

<u>Board meeting for approval of</u>	<u>Tentative Date</u>
Annual Accounts for the year ended March 31, 2013	May 27, 2013
Un-audited results for the first quarter ending June 30, 2013	August 12, 2013
Un-audited results for the second quarter ending September 30, 2013	November 11, 2013
Un-audited results for the third quarter ending December 31, 2013	February 6, 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 **August 3, 2013** (Saturday) to **August 12, 2013** (Monday), both days inclusive.

Dividend:

During the year, the Board of Directors declared an interim dividend of ₹3.50 per equity share and the same was paid on February 21, 2013 to all eligible shareholders whose name appeared in the Register of Members of the Company on February 16, 2013.

The Board of Directors at its meeting held on May 27, 2013 has recommended a final dividend of ₹4.50 per equity share. The Dividend, if declared by the shareholders, will be paid on **August 19, 2013** to all those members whose name appear in the Register of Members as on **August 12, 2013** and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on **August 2, 2013** as per the details furnished by the Depositories.

v) **Listing on Stock Exchanges:**

<u>Stock Exchange</u>	<u>Stock Code</u>
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	RANEHOLDIN
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	505800

Listing Fee: Annual Listing fees for the financial year 2013-14 have been paid to both these 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, 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. Members who have not encashed the dividend warrants for the said period are requested to make their claim to the Company.

During the year, the Company had transferred to IEPF an unclaimed dividend amount of ₹86,913 for the financial year ended March 31, 2005 and an unclaimed interim dividend amount of ₹46,108 for the financial year ended March 31, 2006. The Company has sent reminder letters to each of the shareholder whose dividend is remaining unclaimed as per the records available with the Company. Information in respect of such unclaimed dividends when due for transfer to the said fund is given below:

Year	Date of declaration	Dividend per share # (₹)	Amount outstanding in Unclaimed Dividend Account (as on 31.03.2013) (₹)	Last Date for claiming Unpaid Dividend	Due date for transfer to IEPF u/s 205A(5)
31.03.2006	28.07.2006	2.00	46,842.00	31.08.2013	29.09.2013
31.03.2007*	24.01.2007	3.00	65,817.00	27.02.2014	28.03.2014
31.03.2007*	20.03.2007	4.50	1,06,555.50	25.04.2014	24.05.2014
31.03.2008*	27.03.2008	6.00	4,44,654.27	01.05.2015	30.05.2015
31.03.2009*	29.01.2009	4.00	2,94,836.00	05.03.2016	03.04.2016
31.03.2010*	29.01.2010	6.00	4,76,454.00	05.03.2017	03.04.2017
31.03.2010	29.07.2010	2.00	1,56,476.00	02.09.2017	01.10.2017
31.03.2011*	03.02.2011	7.50	5,53,860.00	10.03.2018	08.04.2018
31.03.2011	05.08.2011	5.00	4,18,445.00	08.09.2018	06.10.2018
31.03.2012*	06.02.2012	6.00	10,62,126.00	11.03.2019	09.04.2019
31.03.2012	10.08.2012	4.00	3,50,876.00	14.09.2019	13.10.2019
31.03.2013*	06.02.2013	3.50	5,36,893.00	11.03.2020	09.04.2020

-Share of paid-up value of ₹10/- per share.

* - Interim Dividend

During the year, the Company had filed with Registrar of Companies, the details of all unpaid and unclaimed amounts as on August 10, 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 certificates:

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 RHL 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.

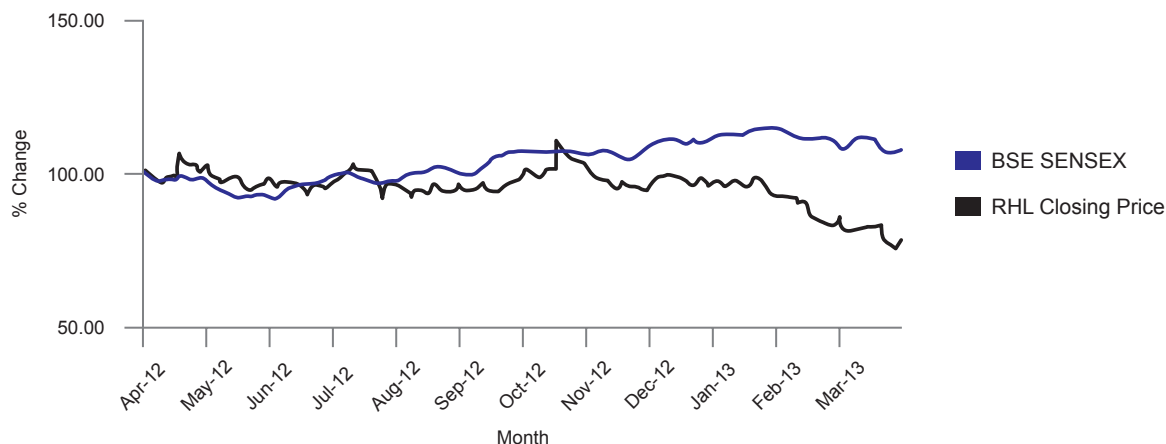
ix) Share price data

The share price data (based on closing price) as quoted on 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 (₹)		Share Prices (₹)	
	High	Low	High	Low
April 2012	220.20	199.25	221.10	200.00
May 2012	215.30	190.00	212.65	194.70
June 2012	202.75	193.10	204.90	191.30
July 2012	215.00	192.55	215.00	192.15
August 2012	203.00	192.55	201.30	191.35
September 2012	200.80	194.00	202.90	194.00
October 2012	228.95	205.00	228.25	205.00
November 2012	213.95	195.05	211.00	195.05
December 2012	208.40	198.00	207.65	197.50
January 2013	207.50	190.45	205.00	191.00
February 2013	192.40	168.15	193.80	170.00
March 2013	174.75	153.95	174.15	156.00

(Source: BSE www.bseindia.com ; NSE www.nseindia.com)

Performance of share price of the Company Vs. BSE Sensex



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

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: srirams@integratedindia.in

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 of transfer documents 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	
	Number	% to total	Number	% to total
Upto 500	8,561	88.31	8,50,304	5.96
501-1,000	487	5.02	3,61,418	2.53
1,001-2,000	259	2.67	3,68,857	2.58
2,001-5,000	207	2.14	6,24,687	4.38
5,001-10,000	73	0.75	5,08,574	3.56
10,001-20,000	45	0.46	6,46,202	4.53
20,001-50,000	29	0.30	8,55,674	5.99
50,001-1,00,000	10	.10	6,78,670	4.75
1,00,001 & above	23	0.25	93,83,423	65.72
Total	9,694	100	1,42,77,809	100.00

xiii) Pattern of shareholding

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	26	65,40,752	45.81	26	64,66,895	45.29
B	Mutual Funds & UTI	4	6,32,176	4.43	6	6,17,734	4.33
C	Banks, Financial Institutions & Insurance Companies	14	6,85,651	4.80	16	6,86,141	4.81
D	Private Corporate Bodies	211	21,09,043	14.77	219	21,12,348	14.79
E	Foreign Institutional Investors (FIIs)	1	15,004	0.11	2	37,223	0.26
F	Indian Public and others	9,304	42,27,870	29.61	9,563	42,86,160	30.02
G	Non-Resident Indians	134	67,313	0.47	143	71,308	0.50
	Total	9,694	1,42,77,809	100.00	9,975	1,42,77,809	100.00

xiv) Dematerialisation of shares and liquidity

The Company has entered into the necessary agreements with National Securities Depositories Limited and Central Depository Services (India) Limited for dematerialisation of the shares held by investors. SEBI has included the shares of your Company in the list of scrips for trading only in dematerialised form for all investors w.e.f. June 26, 2000. As of March 31, 2013, about 95.07% of the shareholdings have been dematerialised.

Comparative chart of physical and demat holdings is given below

Particulars	Number of shares		% to total capital	
	As on March 31, 2013	As on March 31, 2012	As on March 31, 2013	As on March 31, 2012
Physical	7,04,061	7,16,009	4.93	5.01
Demat	1,35,73,748	1,35,61,800	95.07	94.99
Total	1,42,77,809	1,42,77,809	100.00	100.00

The equity shares held by the Promoter & Promoter group in the Company are entirely in dematerialised form.

Demat ISIN Number: **INE 384A01010**

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

xv) Address for communication:

Mr. C Siva
Compliance Officer
Rane Holdings Limited
Rane Corporate Centre
"Maithri" 132, Cathedral Road
Chennai 600 086.
Phone : 28112472 Fax : 28112449
E-mail: investorservices@rane.co.in

or

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

**DECLARATION BY CHIEF EXECUTIVE OFFICER ON
CODE OF CONDUCT UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members
Rane Holdings Limited

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

Chennai
May 27, 2013

L Lakshman
Executive Chairman

Auditors' Certificate on Corporate Governance

To

**The Members of
Rane Holdings Limited**

We have examined the compliance of conditions of Corporate Governance by **Rane Holdings Limited** (“**the Company**”), for the year ended on 31 March, 2013 as stipulated in Clause 49 of the Listing Agreements 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 a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Chennai, May 27, 2013

Financial Information of Subsidiary Companies

₹ Lakhs

Sl No.	Particulars	Name of the Company				Rane Holdings America Inc March 31, 2013	Exchange Rate for Conversion (₹ per US\$)
		Rane (Madras) Limited March 31, 2013	Rane Engine Valve Limited March 31, 2013	Rane Brake Lining Limited March 31, 2013	Rane Diecast Limited March 31, 2013		
1	Capital	1,016	515	791	1,920	10	48.98
2	Reserves & Surplus	11,991	8,685	9,410	(1,806)	15	54.36
3	Total Assets	36,109	25,108	26,151	6,352	33	54.36
4	Total Liabilities	36,109	25,108	26,151	6,352	33	54.36
5	Investments	-	-	-	-	-	-
6	Turnover/Total Income	64,136	26,625	37,968	6,753	138	54.40
7	Profit / (Loss) before Taxation	3,006	(1,892)	1,092	(417)	12	54.40
8	Provision for Taxation	664	(631)	182	(113)	2	54.40
9	Profit / (Loss) after Taxation	2,342	(1,261)	910	(304)	10	54.40
10	Proposed Dividend	50%	-	20%	-	-	-

Notes:

- The Ministry of Company Affairs vide general Circular no.51/12/2007-CL-III dated 8 February 2011 has granted General exemption for not attaching the financials of subsidiary companies to the financials of the Company, subject to compliance of conditions mentioned in circular from Financial Year 2010-2011 onwards.
- Rane Holdings America Inc. is a overseas subsidiary incorporated in USA and whose reporting currency is US Dollars. The exchange rate used for conversion is as mentioned below:
 - Share Capital & Reserves - at historical rate
 - Assets & Liabilities - at closing rate as at the close of the financial year ended March 31, 2013
 - Turnover & Profits - at weighted average rate
- The Financials given above are in Rupees Lakhs.
- The Members can obtain a copy of the financials of the subsidiary companies from the registered office of the Company. The financials of the subsidiary companies are also available for inspection during business hours on any working day from 10.00 a.m. to 1.00 p.m.

Independent Auditors' Report to the Members of Rane Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **RANE HOLDINGS 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:
 - (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 the 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 27, 2013

Annexure to the Independent Auditor's 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 (ii), (vi), (viii), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) The fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the company.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered 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 of ₹351 lakhs to a party during the year. At the year-end, the outstanding balances of loans granted aggregated ₹507 lakhs (including interest) (number of parties – two) and the maximum amount involved during the year was ₹855 lakhs (number of parties – two).
 - b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - c) The receipts of the principal and the interest amount have been regular and as per stipulations.
 - d) There are no overdue amounts outstanding as at the Balance Sheet date.
- (iv) 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 for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system. The activities of the Company do not involve purchase of inventory and sale of goods.
- (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 that needed to be entered in the Register maintained under the said Section have been so entered.
 - b) Where each of such transactions is in excess of ₹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 comparative quotations, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at relevant time.
- (vii) 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.
- (viii) According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, 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, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, 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 dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount involved ₹ In Lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Dues	35	AY 2005-2006	Commissioner of Income Tax (Appeals)
		65	AY 2007-2008	Commissioner of Income Tax (Appeals)
		357	AY 2008-2009	Deputy Commissioner of Income Tax
		39	AY 2009-2010	Commissioner of Income Tax (Appeals)
		232	AY 2010-2011	Assistant Commissioner of Income Tax
Service Tax	Service Tax	2	2006-2010	Commissioner of Central Excise (Appeals)
Customs Act 962	Customs duty	6	2012-2013	Commissioner of Customs (Appeals)

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks are not prima facie prejudicial to the interests of the Company.
- (xi) 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.
- (xii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xiii) 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.

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

GEETHA SURYANARAYANAN
Partner
(Membership No. 29519)

CHENNAI
May 27, 2013

Balance Sheet

as at March 31, 2013

₹ Lakhs

Particulars	Note No	March 31, 2013	March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	1,428	1,428
(b) Reserves and Surplus	4	24,388	23,059
		25,816	24,487
(2) Non-Current Liabilities			
(a) Long-term borrowings	5	125	325
(b) Deferred tax liabilities (Net)	6	80	86
(c) Long-term provisions	7	13	-
		218	411
(3) Current Liabilities			
(a) Trade payables	8	240	202
(b) Other current liabilities	9	392	1,285
(c) Short-term provisions	10	840	719
		1,472	2,206
Total		27,506	27,104
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		5,158	4,707
(ii) Intangible assets		7	5
(iii) Capital work-in-progress		-	100
(b) Non-current investments	12	20,468	20,388
(c) Long-term loans and advances	13	1,159	1,233
		26,792	26,433
(2) Current assets			
(a) Trade receivables	14	73	287
(b) Cash and bank balances	15	451	232
(c) Short-term loans and advances	16	190	152
		714	671
Total		27,506	27,104

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

GEETHA SURYANARAYANAN
Partner**L LAKSHMAN**
Executive ChairmanPlace : Chennai
Date : May 27, 2013**C.SIVA**
Secretary**L GANESH**
Vice Chairman

Statement of Profit and Loss

for the year ended March 31, 2013

Particulars	Note No	₹ Lakhs	
		Year ended March 31, 2013	Year ended March 31, 2012
I. Revenue from operations	17	5,678	6,290
II. Other Income	18	95	101
III. Total Revenue (I + II)		5,773	6,391
IV. Expenses:-			
Employee benefit expense	19	937	757
Finance costs	20	129	247
Depreciation and amortization expense	11	67	47
Other expenses	21	1,387	1,529
Total Expenses		2,520	2,580
V. Profit before tax (III - IV)		3,253	3,811
VI. Tax expense:			
(1) Current tax		(666)	(393)
(2) Deferred tax		8	7
Net tax expense / (benefit)		(658)	(386)
VII. Profit for the year (V - VI)		2,595	3,425
VIII. Earning per equity share (of ₹10 each):	31		
(1) Basic		18.17	23.99
(2) Diluted		18.17	23.99

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

GEETHA SURYANARAYANAN
Partner

Place : Chennai
Date : May 27, 2013

C.SIVA
Secretary

For and on behalf of the Board

L LAKSHMAN
Executive Chairman

L GANESH
Vice Chairman

Cashflow Statement

for the year ended March 31, 2013

₹ Lakhs

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. Cash flow from operating activities		
Profit before tax	3,253	3,811
Adjustments for:		
Depreciation and amortisation	67	47
Finance costs	129	247
Interest income	(82)	(55)
Dividend income	(12)	(39)
	102	200
Operating profit before working capital changes	3,355	4,011
Changes in working capital		
Increase / (Decrease) in long-term provisions	13	-
Increase / (Decrease) in Trade payables	39	41
Increase / (Decrease) in other current liabilities	(61)	2
Increase / (Decrease) in short-term provisions	33	(23)
(Increase) / Decrease in Trade receivables	214	83
(Increase) / Decrease in short-terms loans and advances	(38)	(11)
(Increase) / Decrease in long-term loans and advances	8	18
	208	110
Cash generated from operations	3,563	4,121
Net income tax paid	(591)	(482)
Net cash flow from operating activities (A)	2,972	3,639
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(430)	(128)
Proceeds from sale of fixed assets	1	3
Purchase of long-term investments	(80)	(1,104)
Proceeds from sale of long-term investments	-	830
Loan to related parties	-	(175)
Interest received	83	19
Dividend received	12	39
Bank balances not considered as Cash and cash equivalents - Placed	(9)	(5)
Net cash flow used/from investing activities (B)	(423)	(521)

₹ Lakhs

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
C. Cash flow from financing activities		
Repayment of long-term borrowings	(1,039)	(1,096)
Finance cost	(131)	(249)
Dividends paid	(1,062)	(1,566)
Tax on dividend	(107)	(142)
Net cash flow used in financing activities (C)	(2,339)	(3,053)
Net increase in Cash and cash equivalents (A+B+C)	210	65
Cash and cash equivalents at the beginning of the year	232	162
Less: Unclaimed Dividend Bank Account	36	31
Adjusted Cash & cash equivalents as at Beginning of the year	196	131
Cash and cash equivalents at the end of the year	451	232
Less: Unclaimed Dividend Bank Account	45	36
Adjusted cash and cash equivalents at the end of the year	406	196

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants**GEETHA SURYANARAYANAN**
PartnerPlace : Chennai
Date : May 27, 2013**C.SIVA**
Secretary

For and on behalf of the Board

L LAKSHMAN
Executive Chairman**L GANESH**
Vice Chairman

Notes forming part of the financial statements

for the year ended March 31, 2013

1 BRIEF ABOUT THE COMPANY

Rane Holdings Limited (RHL) is the holding company whose main activity is investing in Rane group Companies that are engaged primarily in the manufacture and marketing of auto components. The Rane Groups investment profile includes subsidiaries, joint ventures and associates. The Company's income stream comprises of (i) dividend from the investments made in the group companies, (ii) trade mark fee for use of "RANE" trade mark and (iii) service fee from group companies for providing service in the areas of management, information technology, business development and infrastructure.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) 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 financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

2.4 Depreciation and amortisation

2.4.1 Depreciation on Fixed Assets, other than those given in 2.4.2. below, has been provided on straight-line basis at rates specified in Schedule XIV of the Companies Act, 1956.

2.4.2 Depreciation on the following assets is charged on the basis of their estimated useful lives at rates higher than those prescribed in the Companies Act, 1956.

Vehicles	- 5 Years
Furniture and Fittings	- 5 Years
Office Equipment	- 3 Years

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

2.4.3 Intangible assets are amortised over their estimated useful life as follows:

License Fee on Software	- 3 Years
-------------------------	-----------

2.5 Revenue recognition

2.5.1 Service Fee and Trade Mark Fee

Revenues from Service Fee and Trade Mark Fee are recognised on accrual basis in accordance with terms of the relevant agreements.

2.5.2 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.6 Fixed Assets**2.6.1 Tangible Fixed Assets**

Fixed assets, are carried at cost less accumulated depreciation and impairment losses if any. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition and installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities.

Capital work-in-progress includes cost of assets not ready for the intended use.

2.6.2 Intangible assets

License Fee on Software are carried at cost less accumulated amortisation and impairment loss if any.

2.7 Investments**2.7.1 Long Term Investments**

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

2.8 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

2.8.1 Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans.

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

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

2.8.2 Defined benefit plans

The Company makes annual contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss.

2.8.3 Short-term employee benefits

Short term employee benefits determined as per company's policy/scheme, are recognised as expense based on expected obligation on undiscounted basis.

Benefits for compensated absences are accounted for based on the actuarial valuation report.

2.8.4 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 less the fair value of the plan assets out of which the obligations are expected to be settled.

2.9 Operating 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.

2.10 Earnings Per Share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.11 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.12 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.13 Provisions and contingencies

A provision is 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 in respect of which a reliable estimate 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.

3. SHARE CAPITAL

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
a) Authorised:		
Equity Shares:		
1,50,00,000 Shares (1,50,00,000 Shares) of ₹10 each	1,500	1,500
Preference Shares:		
50,00,000 Shares (50,00,000 Shares) 13.5% Cumulative Redeemable Preference Shares of ₹10 each	500	500
b) Issued, Subscribed and Fully Paid Up:-		
Equity Shares:		
1,42,77,809 Shares (1,42,77,809 Shares) of ₹10 each	1,428	1,428

3.1 Terms / Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of ₹10/- per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.2 Details of shares held by each shareholder holding more than 5% shares:

Class of Shares / Name of Shareholder / Equity shares with voting rights	As at March 31, 2013		As at March 31, 2012	
	No of Shares	% of Holding	No of Shares	% of Holding
1. Raman T G G	14,84,056	10.39%	14,84,056	10.39%
2. Ares Investments	10,00,000	7.00%	10,00,000	7.00%

3.3 Aggregate number of equity shares allotted as fully paid up without payment being received in cash for the period of 5 years immediately preceding the Balance Sheet date:

During the financial year 2007-2008, 44,96,493 shares with par value of ₹10 were allotted to the shareholders of Rane Engine Valves Limited (13,96,476) and Rane Brake Linings Limited (31,00,017) under the scheme of Demerger, Merger and Amalgamation approved by the Honorable High Court of Judicature at Madras.

3.4 There is no change in the number of shares at the beginning of the year and closing of the year.

4. RESERVES AND SURPLUS

₹ Lakhs

Description	As at March 31, 2013	As at March 31, 2012
a. Capital Redemption Reserve (Refer Note 4.1)	550	550
b. Capital Subsidy	15	15
c. Securities Premium Account	4,433	4,433
d. General Reserve on Merger (Refer Note 4.2)	819	819
e. General Reserve:		
Opening Balance	10,984	10,641
Add: Transfer from Surplus in Statement of Profit and Loss	259	343
Closing Balance	11,243	10,984
f. Net surplus in Statement of Profit and Loss		
Opening Balance	6,258	4,723
Add:-		
Profit for the year	2,595	3,425
Less:-		
Interim Dividend @ 35 %(60%)	500	857
Final Dividend @ 45 % (40%)	643	571
Tax on dividend (Net of dividend tax on dividend distributed by subsidiaries available for set off)	124	119
Transfer to General Reserve	259	343
Net surplus in the Statement of Profit and Loss	7,327	6,258
Total Reserves and Surplus	24,388	23,059

- 4.1** Capital Redemption Reserve represents amount transferred from Statement of Profit and Loss in accordance with Section 80(1)(d) of the Companies Act, 1956 on redemption of preference shares in the previous years
- 4.2** General Reserve on merger represents ₹819 Lakhs arising out of the amalgamation of Rane Investments Limited, a wholly owned subsidiary as approved by the shareholders of the Company and sanctioned by the High Court of Judicature at Madras effect from the appointed date April 1, 2009.

5. LONG TERM BORROWINGS

₹ Lakhs

Description	As at March 31, 2013	As at March 31, 2012
5.1 Secured (Refer Note 5.2)		
Term Loans from Banks	125	325
Total Secured Long Term Borrowings	125	325

5.2 Security

- a. Term loan from Yes Bank of ₹125 Lakhs (₹325 Lakhs) is secured by an Equitable mortgage of the Company's immovable property at Cathedral Road Chennai and by a pari-passu first charge on the movable fixed assets of the Company. The loan comprises of two components repayable at the end of every quarter, 1st Loan outstanding of ₹225 Lakhs (₹375 Lakhs) is maturing in the month of July 2014 and 2nd Loan outstanding of ₹100 Lakhs (₹150 Lakhs) maturing in the month of March 2015, totalling to 6 & 8 instalments outstanding as at March 31, 2013. The current applicable rate of interest on this loan is 12.25% per annum. Instalments aggregating to ₹200 lakhs (₹200 lakhs) due within next one year is included in Other Current Liabilities under Current Maturities of Long Term Debt.
- b. Cash credit from Citibank NA is secured by a first charge on the movable assets including plant & machinery, other current assets of the Company and further secured by an equitable mortgage of the Company's immovable property at Perungudi.

6 DEFERRED TAX LIABILITIES (net)

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	110	104
Tax effect of items constituting deferred tax liability (A)	110	104
On expenditure deferred in the books but allowable for tax purposes	30	18
Tax effect of items constituting deferred tax asset (B)	30	18
Net deferred tax liability (A)-(B)	80	86

7 LONG TERM PROVISIONS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
(i) Provision for gratuity (Refer Note 26)	13	-
Total Long Term Provisions	13	-

8 TRADE PAYABLES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
- Outstanding dues to Micro Enterprises & Small Enterprises (Refer Note 25)	-	-
-Others	240	202
Total Trade Payables	240	202

9 OTHER CURRENT LIABILITIES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Current maturities of long term debt (Refer Note 5.2)	200	1,039
Interest accrued but not due on borrowings	4	6
Unclaimed dividends	45	36
Statutory Remittances	39	50
Retention money payable	5	4
Others	99	150
Total Other Current Liabilities	392	1,285

10 SHORT TERM PROVISIONS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Provision for Compensated absences	88	55
Provision for proposed equity dividend	643	571
Provision for tax on proposed dividend	109	93
Total Short Term Provisions	840	719

11 FIXED ASSETS

Description	Gross Block				Depreciation			Net Block		₹ Lakhs
	As at April 1, 2012	Additions	Disposals	As at March 31, 2013	As at April 1, 2012	Depreciation For the year	On Disposals	As at March 31, 2013	As at March 31, 2012	
A. Tangible assets										
Land	3,989 (3,989)	-	-	3,989 (3,989)	-	-	-	3,989 (3,989)	3,989 (3,989)	
Buildings	737 (737)	328	-	1,065 (737)	119 (106)	14 (13)	-	133 (119)	618 (631)	
Plant and Equipment	90 (89)	28	-	118 (90)	24 (17)	10 (7)	-	34 (24)	66 (72)	
Furniture and Fixtures	63 (62)	106 (6)	3 (5)	166 (63)	48 (39)	19 (13)	3 (4)	64 (48)	15 (22)	
Vehicles	22 (30)	-	-	22 (22)	20 (23)	2 (3)	-	22 (20)	2 (7)	
Office equipment	153 (146)	54 (13)	1 (6)	206 (153)	136 (134)	19 (7)	-	155 (136)	17 (12)	
Total Tangible Assets	5,054 (5,053)	516 (20)	4 (19)	5,566 (5,054)	347 (319)	64 (43)	3 (15)	408 (347)	4,707 (4,734)	
B. Intangible assets										
Computer Software Licenses	23 (17)	5 (6)	-	28 (23)	18 (14)	3 (4)	-	21 (18)	7 (5)	5 (3)
Total Intangible Assets	23 (17)	5 (6)	-	28 (23)	18 (14)	3 (4)	-	21 (18)	7 (5)	5 (3)
Previous year	(17)	(6)	-	(23)	(14)	(4)	-	(18)	(5)	(3)
Total Tangible & Intangible Assets(A+B)	5,077 (5,070)	521 (26)	4 (19)	5,594 (5,076)	365 (333)	67 (47)	3 (15)	429 (365)	5,165 (4,712)	4,712 (4,737)
Capital Work-in-Progress									0	100
Previous year									(100)	(21)
Total Fixed Assets									5,165	4,812
Total Previous year									(4,812)	(4,758)

12 NON CURRENT INVESTMENTS (at cost)

₹ Lakhs

	Face Value ₹	No. of Shares	As at March 31, 2013	No. of Shares	As at March 31, 2012
Trade					
Investment in Equity instruments (fully paid up)					
i) Subsidiary Companies					
Quoted:					
Rane (Madras) Limited	10	54,73,369	4,625	54,73,369	4,625
Rane Engine Valve Limited	10	27,59,686	7,529	27,59,686	7,529
Rane Brake Lining Limited	10	33,67,713	1,149	32,92,713	1,069
Unquoted:					
Rane Diecast Limited	10	1,03,95,135	1,844	1,03,95,135	1,844
Rane Holdings America Inc.	\$1	20,000	10	20,000	10
ii) Associate Companies					
Quoted:					
Kar Mobiles Limited	10	8,84,369	632	8,84,369	632
Unquoted:					
SasMos HET Technologies Limited	10	3,51,400	699	3,51,400	699
iii) Joint Venture Companies					
Unquoted:					
Rane TRW Steering Systems Limited	10	43,69,123	2,332	43,69,123	2,332
Rane NSK Steering Systems Limited	10	87,71,000	1,012	87,71,000	1,012
JMA Rane Marketing Limited	10	3,60,003	36	3,60,003	36
iv) Other Entities					
Unquoted:					
Wellington Corporate Foundation	10	60	-	60	-
[60 shares of ₹10/- each costing ₹1,000/-]					
Investment in Preference Shares (fully paid up)					
i) Subsidiary Companies					
Unquoted					
Rane Diecast Limited	10	60,00,000	600	60,00,000	600
Total Non Current Investments			20,468		20,388
Aggregate value of Investments:-					
Quoted at Cost			13,934		13,854
At Market Value			13,924		16,581
Unquoted at Cost			6,534		6,534

13 LONG TERM LOANS AND ADVANCES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good, unless otherwise stated		
(i) Capital Advances	47	38
(ii) Loans and advances to a related party (Refer Note 28)	579	580
(iii) Security Deposits	3	11
(iv) Taxes (Net of Provision)	530	604
Total Long Term Loans and Advances	1,159	1,233

Note:

Loan to related party includes interest amounting to ₹54 lakhs (₹55 lakhs)

14 TRADE RECEIVABLES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Outstanding for a period exceeding six month from the due date of payment	-	-
- Other trade receivables (Refer Note below)	73	287
Total Trade Receivables	73	287
Note: Includes dues from related parties:		
Name of the Company		
Rane (Madras) Limited	2	10
Rane Engine Valve Limited	-	73
Rane Diecast Limited	7	17
Rane Holdings America Inc	1	1
Rane TRW Steering Systems Limited	29	180
Rane NSK Steering Systems Limited	4	-
SasMos HET Technologies Limited	30	-
Total	73	281

15 CASH AND BANK BALANCES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Cash and Cash equivalents		
- Cash on hand	1	1
- Cheques, drafts on hand	357	36
Balances with Banks		
- In Current Accounts	48	159
Other Bank balances		
In earmarked accounts:		
Unclaimed Dividend accounts	45	36
Total of Cash and bank balances	451	232
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is Cash and Cheques, drafts on hand and balances with banks in current accounts	406	196

16 SHORT-TERM LOANS AND ADVANCES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good, unless otherwise stated		
Prepaid Expenses	103	67
Security Deposits	24	19
Service Tax credit receivable	4	2
Others	59	64
(Includes SasMos HET Technologies Ltd Interest of ₹3.23 Lakhs in current year)		
Total Short-Term Loans and Advances	190	152

17 REVENUE FROM OPERATIONS

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Dividend from Non-Current Investments		
- Subsidiaries	576	898
- Other companies	944	1,712
Service Fee	2,334	2,456
Trade Mark Fee	1,824	1,224
Total Revenue from Operations	5,678	6,290

18 OTHER INCOME

	Year ended March 31, 2013	₹ Lakhs Year ended March 31, 2012
Interest Income		
- From loans to related parties	64	55
- From deposits with banks	18	-
Dividend income from Current Investments	12	39
Miscellaneous Income	1	7
Total Other Income	95	101

19 EMPLOYEE BENEFITS EXPENSES (Refer Note 26)

	Year ended March 31, 2013	₹ Lakhs Year ended March 31, 2012
Salaries and Wages	801	651
Contribution to Provident and other funds	97	61
Staff welfare expenses	39	45
Total Employee Benefits Expenses	937	757

20 FINANCE COSTS

	Year ended March 31, 2013	₹ Lakhs Year ended March 31, 2012
Interest expense		
- On Borrowings	111	223
- Others	18	24
Total Finance Costs	129	247

21 OTHER EXPENSES

	Year ended March 31, 2013	₹ Lakhs Year ended March 31, 2012
Power and fuel	32	23
Rent (Refer note 30)	144	152
Repairs & Maintenance		
- Buildings	67	24
- Others	30	27
Insurance	15	16
Rates and taxes	47	29
Travelling and Conveyance	140	133
Professional Charges	286	494
Information Systems expenses	429	409
Advertisement and Sales Promotion	31	81
Directors' Sitting Fees	6	7
Auditors' Remuneration		
- statutory audit	9	9
- tax audit	1	1
- other services	1	2
Donation	67	66
Administrative Expenses	79	52
Miscellaneous Expenses	3	4
Total Other Expenses	1,387	1,529

22 EXPENDITURE IN FOREIGN CURRENCY

	Year ended March 31, 2013	₹ Lakhs Year ended March 31, 2012
Professional and consultation fees	100	106
Travel	9	5
	109	111

23 REMITTANCE DURING THE YEAR OF DIVIDENDS IN FOREIGN CURRENCY

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Interim Dividend		
Number of Shareholders	1	1
Number of Shares held	5,41,125	5,41,125
Amount paid as Interim Dividend (₹ Lakhs)	19	32
Year for which dividend is remitted	2012-2013	2011-2012
Final Dividend		
Number of Shareholders	1	2
Number of Shares held	5,41,125	8,23,365
Amount paid as Final Dividend (₹ Lakhs)	22	41
Year for which dividend is remitted	2011-2012	2010-2011

24 CONTINGENT LIABILITIES AND COMMITMENTS

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
1. Contingent Liabilities		
Guarantees	4,395	4,019
Disputed demands under appeal (Refer below)	736	577
Income Tax Act - Assessment Year (AY)		
2005-2006*	85	85
2007-2008	65	65
2008-2009*	372	372
2009-2010*	53	53
2010-2011	232	-
	807	575
Less: Deposits	(79)	(79)
Net Amount	728	496
* includes the following deposits AY 2009-2010 - ₹14 Lakhs AY 2008-2009 - ₹15 Lakhs AY 2005-2006 - ₹50 Lakhs		
Service Tax**	2	2
Customs Duty	6	-
** Represents ₹1.52 lakhs		
2. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	26	197
	26	197

₹ Lakhs

Year ended March 31, 2013	Year ended March 31, 2012
------------------------------	------------------------------

- 25 Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors there are no dues as at March 31, 2013.

Disclosure as per AS15 - Employee benefit

26 EMPLOYEE BENEFIT PLANS

i. Gratuity

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

₹ Lakhs

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Components of employer expense		
Current service cost	15	9
Interest cost	14	12
Expected return on plan assets	(17)	(14)
Actuarial losses / (gains)	27	10
Total expense recognised in the Statement of Profit and Loss	39	17
Actual contribution and benefit payments for year		
Actual benefit payments	(2)	(11)
Actual contributions	21	11
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	219	165
Fair value of plan assets	205	169
Funded status [Surplus / (Deficit)]	(14)	4
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(14)	4
Change in Defined Benefit Obligations (DBO) during the year		
Present value of DBO at beginning of the year	165	145
Current service cost	15	9
Interest cost	14	12
Actuarial (gains) / losses	27	10
Past service cost	-	-
Benefits paid	(2)	(11)
Present value of DBO at the end of the year	219	165

Particulars	₹ Lakhs	
	Year ended March 31, 2013	Year ended March 31, 2012
Change in fair value of assets during the year		
Plan assets at beginning of the year	169	155
Expected return on plan assets	17	14
Actual company contributions	21	11
Actuarial gain / (loss)	-	-
Benefits paid	(2)	(11)
Plan assets at the end of the year	205	169
Actuarial assumptions		
Discount rate - %	8%	8%
Expected return on plan assets - %	9%	9%
Salary escalation - %	7%	7%
Attrition - %	3%	3%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

ii. Compensated absences

Principal actuarial assumptions as at the balance sheet date

Particulars	₹ Lakhs	
	Year ended March 31, 2013	Year ended March 31, 2012
Actuarial assumptions for long-term compensated absences		
Discount rate	8%	8%
Salary escalation	7%	7%
Attrition	3%	3%

Notes

- The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.
- The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.
- The entire Plan Assets are managed by Life Insurance Corporation of India (LIC). The data on Plan Assets and Experience adjustments have not been furnished by LIC.

Disclosure as per AS17 - Segment Reporting

27 SEGMENT REPORTING

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

**28 RELATED PARTY TRANSACTIONS
DETAILS OF RELATED PARTIES**

Description of relationship	Names of related parties 2012-2013	Names of related parties 2011-2012
Subsidiaries	Rane (Madras) Limited	Rane (Madras) Limited
	Rane Engine Valve Limited	Rane Engine Valve Limited
	Rane Brake Lining Limited	Rane Brake Lining Limited
	Rane Diecast Limited	Rane Diecast Limited
	Rane Holdings America Inc.	Rane Holdings America Inc.
Joint Ventures	Rane TRW Steering Systems Limited	Rane TRW Steering Systems Limited
	Rane NSK Steering Systems Limited	Rane NSK Steering Systems Limited
	JMA Rane Marketing Limited	JMA Rane Marketing Limited
Associates	Kar Mobiles Limited	Kar Mobiles Limited
	SasMos HET Technologies Limited	SasMos HET Technologies Limited
Key Management Personnel (KMP)	Mr. L Lakshman	Mr. L Lakshman
	Mr. L Ganesh	Mr. L Ganesh
Relatives of KMP	Mrs. Pushpa Lakshman	Mrs. Pushpa Lakshman
	Mr. Harish Lakshman	Mr. Harish Lakshman
	Mr. Vinay Lakshman	Mr. Vinay Lakshman
	Mrs. Meenakshi Ganesh	Mrs. Meenakshi Ganesh
	Mr. Aditya Ganesh	Mr. Aditya Ganesh
	Mrs. Aparna Ganesh	Mrs. Aparna Ganesh
	Mrs. Shanti Narayan	Mrs. Shanti Narayan
	Mrs. Hema C Kumar	Mrs. Hema C Kumar
Mrs. Vanaja Aghoram	Mrs. Vanaja Aghoram	
Enterprise in which KMP / Relatives of KMP can exercise significant influence	Rane Foundation	Rane Foundation

Note: Related parties has been identified by the Management.

DETAILS OF RELATED PARTY TRANSACTIONS DURING THE YEAR ENDED MARCH 31, 2013 AND BALANCES OUTSTANDING AS AT MARCH 31, 2013:

	Fee for Services rendered	Trade Mark Fee Received	Dividend Received	Interest Received	Donation Paid	Loans Given	Guarantee Given	Salary and Other Perquisites	Commission	Sitting Fee for Board and Committee Meetings	Others (Reimbursement of Expenses)	Total
Subsidiaries												
Rane (Madras) Limited	570 (620)	312 (330)	328 (438)	-	-	-	-	-	-	-	33 (39)	1,243 (1,427)
Rane Engine Valve Limited	307 (415)	127 (151)	83 (262)	-	-	-	-	-	-	-	13 (43)	530 (871)
Rane Brake Lining Limited	345 (393)	188 (179)	165 (198)	-	-	-	-	-	-	-	20 (25)	718 (795)
Rane Diecast Limited	19 (27)	1 (1)	-	54 (55)	-	(150)	(521)	-	-	-	3 (2)	77 (756)
Balances receivable at the end of the year												
Rane (Madras) Limited	-	2 (10)	-	-	-	-	-	-	-	-	-	2 (10)
Rane Engine Valve Limited	-	(1) (44)	-	-	-	-	-	-	-	-	-	(1) (73)
Rane Brake Lining Limited*	-	(2)	-	-	-	-	-	-	-	-	-	(2)
Rane Diecast Limited	5 (14)	1 (1)	-	54 (55)	-	450 (450)	4,019 (4,019)	-	-	-	-	4,529 (4,541)
Rane Holdings America Inc.	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance payable at the end of the year												
Rane Engine Valve Limited	-	1	-	-	-	-	-	-	-	-	-	1
Rane Brake Lining Limited	-	2	-	-	-	-	-	-	-	-	-	2
Joint Ventures												
Rane TRW Steering Systems Limited	553 (621)	593 (563)	874 (1,638)	-	-	-	-	-	-	-	16 (30)	2,036 (2,852)
Rane NSK Steering Systems Limited	391 (233)	573	-	-	-	-	-	-	-	-	13 (11)	977 (244)

₹ Lakhs

DETAILS OF RELATED PARTY TRANSACTIONS DURING THE YEAR ENDED MARCH 31, 2013 AND BALANCES OUTSTANDING AS AT MARCH 31, 2013:

	Fee for Services rendered	Trade Mark Fee Received	Dividend Received	Interest Received	Donation Paid	Loans Given	Guarantee Given	Salary and Other Perquisites	Commission	Sitting Fee for Board and Committee Meetings	Others (Reimbursement of Expenses)	Total
JMA Rane Marketing Limited	-	-	22	-	-	-	-	-	-	-	-	22
	-	-	(22)	-	-	-	-	-	-	-	-	(22)
Balances receivable at the end of the year												
Rane TRW Steering Systems Limited	-	29	-	-	-	-	-	-	-	-	2	31
Rane NSK Steering Systems Limited	-	(180)	-	-	-	-	-	-	-	-	-	(180)
JMA Rane Marketing Limited	-	4	-	-	-	-	-	-	-	-	-	4
JMA Rane Marketing Limited	-	-	-	-	-	-	-	-	-	-	-	-
JMA Rane Marketing Limited	-	-	-	-	-	-	-	-	-	-	-	-
Associates												
Kar Mobiles Limited	130	30	49	-	-	-	-	-	-	-	3	212
	(147)	-	(53)	-	-	-	-	-	-	-	(22)	(222)
SasMos HET Technologies Limited	18	-	-	10	-	351	300	-	-	-	9	688
	-	-	-	-	-	-	-	-	-	-	-	-
Balances receivable at the end of the year												
Kar Mobiles Limited	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
SasMos HET Technologies Limited	18	-	-	3	-	-	-	-	-	-	9	30
	-	-	-	-	-	-	-	-	-	-	-	-
Balance payable at the end of the year												
Kar Mobiles Limited	7	-	-	-	-	-	-	-	-	-	-	7
	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel (KMP)												
Mr. L Lakshman	-	-	-	-	-	-	-	77	78	-	-	155
	-	-	-	-	-	-	-	(74)	(78)	-	-	(152)
Mr. L Ganesh	-	-	-	-	-	-	-	102	-	-	-	102
	-	-	-	-	-	-	-	(86)	-	-	-	(86)

₹ Lakhs

DETAILS OF RELATED PARTY TRANSACTIONS DURING THE YEAR ENDED MARCH 31, 2013 AND BALANCES OUTSTANDING AS AT MARCH 31, 2013:

	Fee for Services rendered	Trade Mark Fee Received	Dividend Received	Interest Received	Donation Paid	Loans Given	Guarantee Given	Salary and Other Perquisites	Commission	Sitting Fee for Board and Committee Meetings	Others (Reimbursement of Expenses)	Total
Balance payable at the end of the year												
Mr. L Lakshman	-	-	-	-	-	-	-	-	78	-	-	78
Mr. L Ganesh	-	-	-	-	-	-	-	-	(78)	-	-	(78)
Relatives of Key Management Personnel (KMP)												
Mr. Harish Lakshman	-	-	-	-	-	-	-	-	-	1	-	1
Balance payable at the end of the year										(1)	-	(1)
Mr. Harish Lakshman	-	-	-	-	-	-	-	-	-	-	-	-
Enterprise in which KMP / Relatives of KMP can exercise significant influence												
Rane Foundation	-	-	-	-	65	-	-	-	-	-	-	65
Balances receivable at the end of the year					(65)	(25)	-	-	-	-	-	(90)
Rane Foundation	-	-	-	-	-	75	-	-	-	-	-	75
	-	-	-	-	-	(75)	-	-	-	-	-	(75)

Note:

- Figures in bracket relates to the previous year
- * Represents ₹38,219/- due from Rane Brake Lining Ltd. for March 31, 2012.

**29 DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT
(TO THE EXTENT APPLICABLE)**

₹ Lakhs

Particulars	Amount outstanding as at March 31, 2013	Amount outstanding as at March 31, 2012	Maximum outstanding during 2012-2013	Maximum outstanding during 2011-2012
Subsidiary				
Rane Diecast Limited				
Loan	450	450	450	550
Interest	54	55	54	55
Associate				
SasMos HET Technologies Limited				
Interest	3	-	361	-
Rane Foundation				
Loan	75	75	75	75

Information on Joint Venture Entities

The particulars of the Company's Joint Venture Entities as at March 31, 2013 including percentage holding and its proportionate share of assets, liabilities, income and expenditure of the Joint Ventures are given below:-

₹ Lakhs

S No.	Name of the Joint Venture	% of Holding	As at March 31, 2013				2012-2013	
			Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
1	Rane TRW Steering Systems Limited	50%	18,001	18,001	2,299	1,040	32,304	30,091
		50%	(15,804)	(15,804)	(2,547)	(913)	(31,598)	(27,964)
2	Rane NSK Steering Systems Limited	49%	10,179	10,179	18	686	28,213	26,436
		49%	(11,111)	(11,111)	(133)	(25)	(15,274)	(15,010)
3	JMA Rane Marketing Limited	49%	1,181	1,181	-	-	2,507	2,351
		49%	(1,108)	(1,108)	-	-	(2,903)	(2,700)

Note:

- Figures in bracket relates to the previous year.
- All the above Joint Venture Entities located in India.

30 OPERATING LEASES

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Details of leasing arrangements		
The Company has operating lease agreements for office space and residential accommodation with option to renew with escalation.		
Lease Rental debited to the Statement of Profit and Loss	38	32
Future minimum lease payments		
- not later than one year	23	36
- later than one year and not later than five years	-	-
- later than five years	-	-
	61	68
Office Equipments and Cars are taken on lease for a period ranging from one year to five years and are renewable at the option of the Company.		
Lease Rental debited to the Statement of Profit and Loss	106	118
Future minimum lease payments		
- not later than one year	85	103
- later than one year and not later than five years	77	123
- later than five years	-	-
	268	344

31 EARNINGS PER SHARE

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Profit After Tax (₹ Lakhs)	2,595	3,425
Weighted Average Number of Shares - Basic & Diluted	1,42,77,809	1,42,77,809
Earnings Per Share of ₹10/- each - Basic & Diluted	18.17	23.99

32 PREVIOUS YEAR'S FIGURE

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

For and on behalf of the Board

Place : Chennai
Date : May 27, 2013

C.SIVA
Secretary

L LAKSHMAN
Executive Chairman

L GANESH
Vice Chairman

Auditors' Report to the Board of Directors of Rane Holdings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **RANE HOLDINGS LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view 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 consolidated 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 and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, a jointly controlled entity and an associate referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Other Matter

1. We did not audit the financial statements of four subsidiaries and a jointly controlled entity, whose financial statements reflect total assets (net) of ₹66,724 lakhs as at March 31, 2013, total revenues of ₹98,337 lakhs and net cash outflow amounting to ₹521 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹27 lakhs for the year ended March 31, 2013, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, a jointly controlled entity and associates, is based solely on the reports of the other auditors.
2. The financial statement of a joint venture, which reflects total assets of ₹1,181 lakhs as at March 31, 2013, total revenue of ₹2,064 lakhs and net cash flow of ₹27 lakhs for the year ended on that date as considered in the Consolidated financial statements, are unaudited and we have relied upon the financial statement as provided by the management of that Company.

Our opinion is not qualified in respect of this matter.

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

GEETHA SURYANARAYANAN
Partner
(Membership No. 29519)

CHENNAI,
27 May 2013

Consolidated Balance Sheet

as at March 31, 2013

₹ Lakhs

Particulars	Note No	March 31, 2013	March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	1,428	1,428
(b) Reserves and Surplus	4	43,670	41,330
Minority Interest		16,514	16,270
(2) Non-Current Liabilities			
(a) Long-term borrowings	5	15,817	16,561
(b) Deferred tax liabilities (Net)	6	2,563	2,816
(c) Other Long-term liabilities	7	37	81
(d) Long-term provisions	8	1,222	1,105
(3) Current Liabilities			
(a) Short-term borrowings	9	16,461	13,699
(b) Trade payables	10	25,353	25,136
(c) Other current liabilities	11	12,246	14,198
(d) Short-term provisions	12	1,803	1,726
Total		1,37,114	1,34,348
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	62,569	57,950
(ii) Intangible assets	13	418	355
(iii) Capital work-in-progress	13	4,056	3,735
(b) Goodwill on Consolidation		7,762	7,762
(c) Non-current investments	14	1,671	1,748
(d) Deferred tax assets (net)	15	-	762
(e) Long term loans and advances	16	4,493	5,027
(f) Other non-current assets	17	270	224
(2) Current assets			
(a) Current investments	18	-	417
(b) Inventories	19	20,067	19,579
(c) Trade receivables	20	27,298	29,226
(d) Cash and bank balances	21	3,074	2,348
(e) Short-term loans and advances	22	4,951	4,312
(f) Other current assets	23	485	903
Total		1,37,114	1,34,348

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board

GEETHA SURYANARAYANAN
Partner**L LAKSHMAN**
Executive ChairmanPlace : Chennai
Date : May 27, 2013**C.SIVA**
Secretary**L GANESH**
Vice Chairman

Consolidated Statement of Profit and Loss

for the year ended March 31, 2013

Particulars	Note No	₹ Lakhs	
		Year ended March 31, 2013	Year ended March 31, 2012
I. Revenue from operations (Gross)		2,14,167	2,02,719
Less: Excise Duty		20,571	16,548
Revenue from operations (Net)	24	1,93,596	1,86,171
II. Other Income	25	2,524	1,987
III. Total Revenue (I + II)		1,96,120	1,88,158
IV. Expenses:-			
Cost of materials consumed	26	1,09,504	1,05,406
Purchase of Stock-in-Trade (Traded goods)	27	3,166	912
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	(1,418)	(2,371)
Employee benefits expenses	29	25,283	22,836
Finance costs	30	3,926	3,742
Depreciation and amortization expense	13	7,903	6,746
Other expenses	31	40,006	37,916
Total Expenses		1,88,370	1,75,187
V. Profit before prior period income, exceptional items and tax (III - IV)		7,750	12,971
VI. Add / (Less) Exceptional Items (Refer Note 36)		(69)	1,201
VII. Profit before tax (V - VI)		7,681	14,172
VIII. Tax expense:			
(1) Current tax expense		(1,523)	(2,333)
(2) Less: MAT Credit		127	36
(3) Excess provision for tax relating to prior years		-	(46)
(4) Share of Joint ventures		(890)	(1,112)
Net current tax expense		(2,286)	(3,455)
(5) Deferred tax		(241)	(434)
(6) Share of Joint ventures		(266)	(143)
Net of tax expense		(2,793)	(4,031)
IX. Profit after tax before share of Profit/(Loss) of associates and minority interest (VII - VIII)		4,888	10,141
X. Share of Profit / (Loss) of associates		(27)	206
XI. Less: Minority Interest		1,023	3,175
XII. Profit for the year (IX + X - XI)		3,838	7,172
XIII. Earning per equity share (of ₹10 each):	40		
(1) Basic		26.88	50.23
(2) Diluted		26.88	50.23

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

GEETHA SURYANARAYANAN
Partner

Place : Chennai
Date : May 27, 2013

C.SIVA
Secretary

For and on behalf of the Board

L LAKSHMAN
Executive Chairman

L GANESH
Vice Chairman

Consolidated Cashflow Statement

for the year ended March 31, 2013

₹ Lakhs

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. Cash flow from operating activities		
Net Profit before extraordinary items, tax, share of profit / (loss) of associates and minority interest	7,681	14,172
Adjustments for:		
Depreciation and amortisation	7,903	6,747
Profit on sale of assets	(104)	(1,646)
Loss on sale of assets	4	-
Assets written off	65	-
Finance costs	3,890	3,689
Interest income	(311)	(258)
Dividend income	(22)	(92)
Provision for Doubtful Debts	95	8
Liability no longer required written back	(421)	(370)
Unrealised exchange loss (Net)	302	130
Bad debts written off	4	21
Provision for Gratuity and Leave Salary	64	269
Provision for warranty	54	38
Advance written off	12	-
Deferralment of Government Grants	-	(1)
Exceptional Items	61	-
Hedge reserve adjustments	(10)	-
	11,587	8,535
Operating profit before working capital changes	19,268	22,707
Changes in working capital		
Adjustments for (increase) / decrease in operating assets and liabilities:		
Increase / (Decrease) in long-term provisions	(57)	65
Increase / (Decrease) in short-term borrowings	1,922	5,841
Increase / (Decrease) in Trade payables	3,240	3,894
Increase / (Decrease) in other current liabilities	(2,478)	(1,205)
Increase / (Decrease) in other long term liabilities	(52)	(34)
Increase / (Decrease) in short-term provisions	(15)	(57)
(Increase) / Decrease in Inventories	(488)	(3,595)
(Increase) / Decrease in Trade receivables	1,883	(5,570)
(Increase) / Decrease in short-terms loans and advances	(639)	(1,130)
(Increase) / Decrease in long-term loans and advances	445	148
(Increase) / Decrease in other assets (current & non current)	372	(878)
(Increase) / Decrease in cash balance not considered as cash and cash equivalents	(203)	62
	3,930	(2,459)
Cash generated from operations	23,198	2,024
Net income tax (paid) / refunds	(2,399)	(4,386)
Net cash flow from operating activities (A)	20,800	15,862
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(12,898)	(13,916)
Proceeds from sale of fixed assets	327	1,771
Purchase of long-term investments	(80)	(784)
Proceeds from sale of long-term investments	-	837
Dividend income		
Associates	49	39
Others	22	23
Interest income	311	130
Net cash flow from investing activities (B)	(12,269)	(11,900)

₹ Lakhs

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
C. Cash flow from financing activities		
Repayment of long-term borrowings	(1,878)	3,133
Dividends paid (Including taxes)	(1,940)	(3,148)
Interest paid	(4,608)	(3,481)
Net cash flow from financing activities (C)	(8,426)	(3,496)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	105	467
Cash and cash equivalents at the beginning of the year (including current investments)	2,766	2,360
Less: Unpaid Dividend Accounts	71	66
Less: Bank deposit with maturity more than 3 months but less than 12 months	78	70
Less: Capital Gain scheme account	1	1
Less: Others	144	218
Adjusted Cash and cash equivalents at the beginning of the year	2,472	2,005
Cash and cash equivalents at the end of the year (including current investments)	3,074	2,766
Less: Unpaid Dividend Accounts	74	71
Less: Bank deposit with maturity more than 3 months but less than 12 months	242	78
Less: Capital Gain scheme account	1	1
Less: Others	180	144
Adjusted Cash and cash equivalents at the end of the year	2,577	2,472
Net Increase / (Decrease)	105	467

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants**GEETHA SURYANARAYANAN**
PartnerPlace : Chennai
Date : May 27, 2013

For and on behalf of the Board

L LAKSHMAN
Executive Chairman**C.SIVA**
Secretary**L GANESH**
Vice Chairman

Notes forming part of the consolidated financial statements

for the year ended March 31, 2013

1 BRIEF ABOUT THE COMPANY

Rane Holdings Limited (RHL) is the holding company whose main activity is investing in Rane group Companies that are engaged primarily in the manufacture and marketing of auto components. The Rane Group's investment profile includes subsidiaries, joint ventures and associates. The Company's income stream comprises of (i) dividend from the investments made in the group companies, (ii) trade mark fee for use of "RANE" trade mark and (iii) service fee from group companies for providing service in the areas of management, information technology, business development and infrastructure. In September 2011, Rane forayed into defence and aerospace and invested into SasMos HET Technologies Limited.

2 SIGNIFICANT ACCOUNTING POLICIES:-

2.1 Principles and Particulars of Consolidation

Principles of Consolidation

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

These statements have been prepared in accordance with the generally accepted accounting principles applicable in India (Indian GAAP). The Financial statements of the subsidiaries, Joint Ventures and associates used in the consolidation are drawn up to the same reporting date as that of the holding company i.e. March 31, 2013.

The Financial statements of the company, its subsidiaries, Joint Ventures and investments in Associate companies are consolidated respectively in accordance with Accounting Standard 21(AS21) "Consolidated Financial Statements", Accounting Standard 27 (AS 27) – "Financial Reporting of Interests in Joint Ventures" and Accounting Standard 23 (AS 23) – "Accounting for Investments in Associates in Consolidated Financial Statements".

The Financial statements of the company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances, intra-group transactions, unrealized profits / losses on intra-company transactions and consolidation adjustments.

Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures.

Investment in associate companies are accounted for by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the company's share of net assets of the associates.

The excess of cost of investments in the subsidiary company/s and Joint venture/s over the share of the equity of the subsidiary company/s and Joint venture/s at the date on which the investment in the subsidiary company/s and Joint Venture/s is made is recognized as "Goodwill on Consolidation" and is shown separately in the consolidated financial statements. Alternatively where the share of equity in the subsidiary company/s and Joint Venture/s as on the date of investment is in excess of cost of investment, it is reckoned as "Capital reserve" and grouped with "reserves and surplus" in the consolidated financial statements.

The carrying value of Goodwill is tested for impairment as at the end of each reporting period.

Minority interest in the net assets of the consolidated subsidiary/s consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made in the subsidiary/s and further movements

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

Particulars of consolidation

The list of companies included in consolidation are as follows:

Companies	Equity shares held		% of voting power held	
	As at March 31,2013	As at March 31,2012	As at March 31,2013	As at March 31,2012
Subsidiaries				
Rane (Madras) Limited - (RML)	54,73,369	54,73,369	54%	54%
Rane Engine Valve Limited - (REVL)	27,59,686	27,59,686	54%	54%
Rane Brake Lining Limited - (RBL)	33,67,713	32,92,713	43%	42%
Rane Diecast Limited - (RDL)	1,03,95,135	1,03,95,135	79%	79%
Rane Holdings America Inc.*	20,000	20,000	100%	100%
Joint Ventures				
Rane TRW Steering Systems Limited - (RTSSL)	43,69,123	43,69,123	50%	50%
Rane NSK Steering Systems Limited - (RNSSL)	87,71,000	87,71,000	49%	49%
JMA Rane Marketing Limited	3,60,003	3,60,003	49%	49%
Associates				
Kar Mobiles Limited	8,84,369	8,84,369	39%	39%
SasMos HET Technologies Limited	3,51,400	3,51,400	26%	26%

* Company incorporated outside India

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

The shareholders of Rane Brake Lining Limited (RBL) had approved an amendment in the year 2009-10, to the articles of association of the company which authorizes, Rane Holdings Limited to appoint majority of the Board of Directors of the company. As a result RBL has become a board controlled subsidiary of Rane Holdings Limited and hence consolidated on a line-by-line basis.

2.2 Basis of accounting and preparation of consolidated financial statements

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

2.3 Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4 Inventories

Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on weighted average basis. Cost includes conversion and other costs incurred in bringing the inventories to the present location and condition. Inventories are written down for obsolete / slow moving / non-moving items wherever necessary. Cost of loose tools is amortised over a period of 3 years. Inventory lying in customs bonded warehouse is valued inclusive of customs duty payable on clearance.

2.5 Cash and cash equivalents

Cash comprises cash on hand and cheques / drafts on hand. Cash equivalents comprises of bank balances in current account and other bank balances that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in value.

2.6 Cash flow statement

Cash flows are reported using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effect of the 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 Group are segregated based on the available information.

2.7 Depreciation and amortisation

2.7.1 Depreciation on Fixed Assets, other than those given in 2.8.2. below, is charged on straight-line basis at rates specified in Schedule XIV of the Companies Act, 1956.

2.7.2 Depreciation on the following assets is charged on the basis of their estimated useful lives at rates higher than those prescribed in the Companies Act, 1956.

Tangible Assets	Useful life (years)
Leasehold Land Development Cost	10
Vehicles	5
Furniture and Fittings	5
Office Equipment (other than computers)	3
Computers	4
Lab Equipments, Jigs and Fixtures (included in Plant & Machinery)	3 to 5
Intangible Assets	Useful life (years)
Software License	3
Softwares	3
Technical Knowhow / License Fees for technical assistance	3 to 6
Design and Drawings	5

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

2.8 Revenue recognition**2.8.1 Sales**

Revenue is recognized net of returns and trade discounts, when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales include excise duty but exclude sales tax and value added tax.

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

2.8.2 Other Income

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

Revenues from Service Fee and Trade Mark Fee are recognised on accrual basis in accordance with terms of the relevant agreements.

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

2.8.3 Dividend Income

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

2.9 Fixed Assets**2.9.1 Tangible Fixed Assets**

Tangible Fixed Assets are stated at cost of acquisition or construction, net of cenvat credit, depreciation and impairment loss if any. Cost includes direct cost and financing cost related to borrowing attributable to acquisition that are capitalised until the assets are ready for use.

Expenses incurred in connection to the project prior to the commencement of the commercial production are treated as part of project cost and capitalized as part of fixed assets.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period, which is neither related to the construction activity nor is incidental thereto is charged to the Statement of Profit and Loss.

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

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

2.9.2 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.

2.9.3 Intangible assets

Intangible assets are stated at acquisition cost net of accumulated amortisation and accumulated impairment losses, if any.

Software/Technical Knowhow are capitalised where it is expected to provide future economic benefits.

2.10 Foreign currency transactions and translations**2.10.1 Initial recognition**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

2.10.2 Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the Consolidated Statement of Profit and Loss. Exchange differences arising on settlement and translation of monetary items other than for acquisition of fixed assets, at the year end are recognised as income or expense in the year in which they arise. Exchange differences arising out of settlement and translation with reference to acquisition of fixed assets are adjusted to cost of the fixed assets.

2.10.3 Accounting of forward contracts and treatment of exchange difference

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

2.11 Government Grants and Capital Subsidy

Government grants relating to depreciable tangible fixed assets are treated as deferred income and recognised in the Consolidated Statement of Profit and Loss over the remaining useful life of the related assets.

Lump sum Capital Subsidies, not relating to any specific fixed asset, received from State Government for setting up new projects are accounted as capital reserve.

2.12 Investments

2.12.1 Long Term Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

2.12.2 Current Investments

Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.13 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

2.13.1 Defined contribution plans

The Group fixed contribution to provident fund and superannuation fund are considered as defined contribution plans.

Provident Fund

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

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

Superannuation Fund

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

2.13.2 Defined benefit plans

The Group makes annual contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in the Consolidated Statement of Profit and Loss.

2.13.3 Short-term employee benefits

Short term employee benefits including accumulated compensated absences determined as per company's policy/scheme are recognised as expense based on expected obligation on undiscounted basis.

2.13.4 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 less the fair value of the plan assets out of which the obligations are expected to be settled.

2.13.5 Termination benefits

In regard to a subsidiary company Rane (Madras) Limited, 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.

2.14 Borrowing Costs

Borrowing costs attributable to acquisition or construction or production of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are recognised as revenue in nature.

2.15 Operating 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 Consolidated Statement of Profit and Loss on a straight-line basis as per the lease terms.

2.16 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.

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal tax in the future years. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. This asset is reviewed for the appropriateness of its carrying amount at each Balance Sheet date.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other Deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

2.18 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. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making asset ready for its intended use.

2.19 Impairment of Assets

Consideration is given at each Balance Sheet date, to determine whether there is any indication of impairment on the carrying amount of the Group's assets. If any indication exists, an asset's recoverable amount is estimated and impairment loss is recognised whenever the carrying amount of an asset exceeds recoverable amount. In case of fixed assets, after impairment, depreciation is provided on the revised carrying amount of the assets over their remaining useful lives. If such impairment ceases to exist then the same is recognized as income of that year.

2.20 Provisions and contingencies

A provision is 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 in respect of which a reliable estimate 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 consolidated financial statements.

2.21 Provision for Warranty

The estimated liability for product warranties is recorded when products are sold. Product warranty provisions cover the estimated liability to repair or replace products still under warranty on the Balance Sheet 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), Product warranty liability is generally extended for a period of one to two years from the date of sale.

2.22 Hedge Accounting

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

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30 "Financial Instruments : Recognition and Measurement", the group has opted to follow the recognition and measurement principles relating to derivatives as specified in the Standard. Accordingly, the changes in the fair values of forward contracts and options designated as cash flow hedges are recognized directly in 'Hedge Reserve Account' being part of the shareholders' funds and reclassified into the consolidated statement of profit and loss upon the occurrence of the hedged transactions. The changes in fair value relating to the ineffective portion of the cash flow hedges and forward contracts/options not designated as cash flow hedges are recognized in the consolidated statement of profit and loss as they arise.

2.23 Derivative Contracts

In case of certain Subsidiaries and Joint Ventures exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency, those companies limit the effects of foreign exchange rate fluctuations uses derivative financial instruments such as foreign exchange forward contract, option contract, currency and interest rate swaps to hedge its exposure in movements of foreign exchange rates and interest rates relating to underlying transaction.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.24 Pre-operative Expenditure

All expenditure incurred prior to commencement of business/expansion of business activities is carried forward as pre-operative expenditure and included in Capital Work in Progress and is capitalised along with the cost of fixed assets on commencement of business

2.25 Insurance Claims

Insurance claims are accounted for on the basis of claims lodged with insurance company and to the extent that there is a reasonable certainty in realising the claims.

2.26 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.27 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. SHARE CAPITAL

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
(a) Authorised:		
Equity Shares:		
1,50,00,000 Shares (1,50,00,000 Shares) of ₹10 each	1,500	1,500
Preference Shares:		
50,00,000 Shares (50,00,000 Shares) 13.5% Cumulative Redeemable Preference Shares of ₹10 each	500	500
(b) Issued, Subscribed and Fully Paid Up:-		
Equity Shares:		
1,42,77,809 Shares (1,42,77,809 Shares) of ₹10 each	1,428	1,428

3.1 The Company has Subsidiaries, Associates. There is no Ultimate Holding Company of the Company.

3.2 Terms / Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of ₹10/- per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.3 Details of shares held by each shareholder holding more than 5% shares:

Class of Shares / Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No of Shares	% of Holding	No of Shares	% of Holding
Equity shares with voting rights				
1 Raman T G G	14,84,056	10.39%	14,84,056	10.39%
2 Ares Investments	10,00,000	7.00%	10,00,000	7.00%

3.4 Aggregate number of equity shares allotted as fully paid up without payment being received in cash for the period of 5 years immediately preceding the Balance Sheet date:

During the financial year 2007-2008, 44,96,493 shares with par value of ₹10 were allotted to the shareholders of Rane Engine Valves Limited (13,96,476) and Rane Brake Linings Limited (31,00,017) under the scheme of Demerger, Merger and Amalgamation approved by the Honorable High Court of Judicature at Madras.

3.5 There is no change in the number of shares at the beginning of the year and closing of the year.

4. RESERVES AND SURPLUS

₹ Lakhs

Description	As at March 31, 2013	As at March 31, 2012
a. Capital Subsidy	88	71
Add: Additions during the year	-	17
Total	88	88
b. Export Incentive Reserve	19	19
c. Capital Profit Reserve	99	99
d. Capital Redemption Reserve (Refer Note 4.1)	1,028	1,028
e. Investment allowance reserve	36	36
f. Capital Reserve on Amalgamation	29	29
g. General Reserve on Merger (Refer Note 4.2)	819	819
h. Capital Reserve on Consolidation	2,069	2,069
i. Securities Premium	6,470	6,470
j. Hedge Reserve account	1	(5)
Add: Additions / (Deletions) during the year (Net)	(1)	6
Total	0	1
k. Foreign Currency Translation Reserve	-	1
l. Deferred Government Grants	2	3
- Represents Subsidy received from SIPCOT pertaining to fixed assets and treated as deferred income over the period of the useful life of the assets in respect of RNSSL		
m. General Reserve:		
Opening Balance	12,564	12,221
Add: Transfer from Surplus in Statement of Profit and Loss	259	343
Closing Balance	12,823	12,564
n. Surplus in the Statement of Profit and Loss		
Opening Balance	18,105	13,190
Add:-		
Profit for the year	3,838	7,172
Less:-		
Interim Dividend @ 35 %(60%)	500	857
Final Dividend @ 45% (40%)	643	571
Tax on dividend	352	486
Transfer to general Reserve	259	343
Net surplus in the Statement of Profit and Loss	20,189	18,105
Total Reserves and Surplus	43,670	41,330

4.1 Capital Redemption Reserve represents amount transferred from the Consolidated Statement of Profit and Loss in accordance with Section 80(1)(d) of the Companies Act, 1956 on redemption of preference shares relating to the company in the previous years.

4.2 General Reserve on merger represents ₹819 Lakhs arising out of the amalgamation of Rane Investments Limited, a wholly owned subsidiary as approved by the shareholders of the Company and sanctioned by the High Court of Judicature at Madras effect from the appointed date April 1, 2009.

5. LONG TERM BORROWINGS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
5.1 Secured (Refer Note 5.3)		
Term Loans from Banks	11,342	12,231
Loans from Related Parties (Refer Note 37)	385	450
Share in Joint Ventures	1,203	1,799
Total Secured Long-Term Borrowings	12,930	14,480
5.2 Unsecured		
Term Loans from Banks	51	85
Interest Free Sales Tax Loan (Refer note 5.3)	1,116	1,038
Fixed Deposits (Refer note 5.3)	1,680	908
Loans from Related Parties (Refer Note 37)	40	50
Total Unsecured Long-Term Borrowings	2,887	2,081
Total Long-Term Borrowings	15,817	16,561

5.3 Security

Term loans are secured by charge on respective company's immovable properties both present and future and are also secured by hypothecation of respective company's movable properties, book debts and inventories as per applicable terms of the contract of each loan.

In respect of foreign currency loan availed by RML & RBL, the companies have entered into derivatives contract to hedge the respective loans including interest. The amounts are mentioned in Rupee value as per the terms of derivatives contract.

Interest free sales tax loan is repayable over a period of 14 years as per terms of sanction granted by Government of Andhra Pradesh for REVL & RBL.

Fixed Deposits accepted from public are repayable as per terms of individual deposit ranging from 24 months to 36 months from the date of acceptance of deposits. The Interest rates payable on the above deposits varies from 8.5% p.a to 10% p.a as per the terms of individual deposit.

6. DEFERRED TAX LIABILITIES (net)

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	2,667	2,579
Others	1,135	952
Share in Joint Ventures	631	715
Tax effect of items constituting deferred tax liability (A)	4,433	4,246
Tax effect of items constituting deferred tax assets		
Compensated absences	354	372
Provision for Gratuity	19	-
Provision for Warranty	-	31
Provision for doubtful debts / advances	18	12
Voluntary Retirement Compensation Scheme	229	315
Unabsorbed Depreciation	604	-
Others	574	277
Share in Joint Ventures	72	423
Tax effect of items constituting deferred tax assets (B)	1,870	1,430
Net deferred tax liability (A)-(B)	2,563	2,816

7. OTHER LONG TERM LIABILITIES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Termination benefit under Voluntary Retirement Scheme	33	60
Others	4	21
Share in Joint Ventures	-	-
Total Other Long Term Liabilities	37	81

8. LONG TERM PROVISIONS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Provision for Compensated absences	873	676
Product warranty	140	211
Provision for Gratuity	13	-
Provision for Litigations/Dispute	12	69
Share in Joint Ventures	184	149
Total Long-Term Provisions	1,222	1,105

9. SHORT TERM BORROWINGS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Secured (Refer Note 9.1)		
Cash credit	-	2,462
Working Capital Loan	2,155	1,874
Others	10,685	5,754
Unsecured		
Buyers credit	845	938
Commercial Paper	-	1,000
Sales tax deferement from Government of Andhra Pradesh	15	-
Share in Joint Ventures	2,761	1,671
Total Short Term Borrowings	16,461	13,699

9.1 Security

Short Term Borrowings in the nature of Cash credits, Packing credit, Commercial paper & Working capital loans are secured by way of hypothecation of respective company's inventories, book debts and other current assets and also by second charge on company's movable and immovable properties both present and future as per applicable terms of the contract of each loan.

10. TRADE PAYABLES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
-Outstanding dues to Micro Enterprises & Small Enterprises	1,350	730
-Others	16,806	16,724
Related Party (Refer note 37)	-	66
Share in Joint Ventures	7,197	7,616
Total Trade Payables	25,353	25,136

11. OTHER CURRENT LIABILITIES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Current Maturities of		
- Long-Term Borrowings	6,063	7,053
- Deferred Sales Tax Loan	22	16
Interest accrued and due on borrowings	69	75
Interest accrued but not due on borrowings	343	433
Unclaimed Dividends	84	76
Unclaimed Matured Fixed Deposits	7	8
Unclaimed interest on Fixed Deposit	129	793
Related Party (Refer Note 37)	30	37
Statutory remittances	997	939
Others	2,070	2,020
Retention Money	5	4
Capital Creditors	248	-
Share in Joint Ventures	2,179	2,744
Total Other Current Liabilities	12,246	14,198

12. SHORT TERM PROVISIONS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
(a) Provision for employee benefits		
Salary & Reimbursements	-	7
Provision for Compensated absences	249	385
(b) Others		
Provision for warranty	220	206
Provision for proposed dividend	643	571
Provision for tax on proposed dividend	109	93
Provision for expenses	61	-
Share in Joint Ventures	521	464
Total Short-Term Provisions	1,803	1,726

13 FIXED ASSETS

Description	Gross Block			Depreciation			Net Block		
	As at April 1, 2012	Additions	Disposals	As at March 31, 2013	As at April 1, 2012	Depreciation For the year	On Disposals	As at March 31, 2013	As at March 31, 2012
A. TANGIBLE ASSETS									
Land	6,338 (6,337)	191 (3)	- (2)	6,529 (6,338)	-	-	-	6,529 (6,338)	6,338 -
Land on lease	571 (570)	- (1)	- (571)	571 (571)	48 (34)	14 (14)	-	509 (523)	- (536)
Buildings	12,731 (10,313)	2,033 (2,426)	10 (8)	14,754 (12,731)	2,826 (2,472)	427 (357)	6	11,507 (9,905)	9,905 (7,841)
Plant and Equipment	84,051 (71,123)	9,837 (14,478)	1,239 (1,550)	92,649 (84,051)	43,580 (38,376)	6,870 (5,946)	986 (742)	43,185 (40,471)	40,471 (32,737)
Furniture and Fixtures	1,176 (1,117)	229 (175)	48 (116)	1,357 (1,176)	894 (868)	143 (136)	39	359 (282)	282 (249)
Vehicles	230 (205)	54 (59)	14 (34)	270 (230)	125 (127)	33 (27)	9	121 (105)	105 (78)
Office equipment	2,011 (1,919)	261 (225)	17 (133)	2,255 (2,011)	1,686 (1,704)	217 (122)	7	1,896 (325)	359 (188)
Total Tangible Assets	107,108	12,605	1,328	118,385	49,159	7,704	1,047	62,569	57,950
Previous year	(91,584)	(17,367)	(1,843)	(107,108)	(43,581)	(6,602)	(1,022)	(57,950)	(41,629)
B. INTANGIBLE ASSETS									
Goodwill	162 (162)	-	-	162 (162)	162 (162)	-	-	162 (162)	- -
Software	80 (57)	18 (23)	8 (80)	90 (80)	55 (50)	11 (5)	-	24 (25)	25 (7)
Design and Drawings	95 (95)	-	-	95 (95)	95 (79)	-	-	95 (95)	- (16)
Licenses	940 (867)	102 (73)	12 (940)	1,030 (940)	651 (559)	108 (93)	-	759 (288)	288 (309)
Technical Knowhow	331 (331)	158 (331)	-	489 (331)	286 (256)	80 (30)	-	366 (42)	42 (72)
Total Intangible Assets	1,608	278	20	1,866	1,249	199	-	418	355
Previous year	(1,512)	(96)	-	(1,608)	(1,106)	(144)	-	(355)	(404)
C. Capital work-in-progress									
Previous year	-	-	-	-	-	-	-	4,056 (3,735)	3,735 (4,406)
Total Tangible & Intangible Assets(A+B+C)	108,716	12,883	1,348	120,251	50,408	7,903	1,047	67,043	62,040
Previous year	(93,096)	(17,463)	(1,843)	(108,716)	(44,687)	(6,746)	(1,022)	(62,040)	(46,439)
Share in Joint Ventures									
Previous year	-	-	-	-	-	-	-	12,081 (10,612)	10,612 (8,779)

Note:

- a. REVL, a subsidiary company in compliance with the Notification No. GSR226(E), dated 31st March, 2009 issued by Ministry of Corporate Affairs, the company has exercised the option in terms of newly inserted paragraph 46 to the Accounting Standard – AS-11 “the effect of changes in Foreign Exchange Rates”. Accordingly, the exchange differences, fluctuation loss of ₹Nil (fluctuation loss of ₹9 lakhs) adjusted to cost of fixed assets arising on settlement / translation of foreign currency monetary items utilised to acquire depreciable capital assets
- b. In respect of REVL, borrowing costs of ₹34 lakhs (₹28 lakhs) is capitalised along with the cost of capital assets

14 NON-CURRENT INVESTMENTS (at cost)

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Trade		
Investment in Equity instruments (fully paid up)		
(i) Associate Companies		
Quoted:		
Kar Mobiles Limited	1,110	1,049
Unquoted:		
SasMos HET Technologies Limited	561	699
(ii) Others Entities		
Unquoted:		
Wellington Corporate Foundation (60 shares of ₹10/- each costing ₹1,000/-)	-	-
Total Other Investments	1,671	1,748
Aggregate value of Investments:-		
Quoted at Cost	1,110	1,049
At Market Value	902	1,353
Unquoted at Cost	561	699

15 DEFERRED TAX ASSETS (net)

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	-	138
Tax effect of items constituting deferred tax liability (A)	-	138
Tax effect of items constituting deferred tax assets		
On expenditure deferred in the books but allowable for tax purposes	-	(900)
Tax effect of items constituting deferred tax assets (B)	-	(900)
Net deferred tax asset (A)-(B)	-	762

16 LONG-TERM LOANS AND ADVANCES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Unsecured-considered good (unless otherwise stated)		
Capital Advances	773	830
Security Deposits	408	362
Rent Deposits	17	15
Advance Income Tax	12,784	6,377
Less : Provision for Income Tax	(10,811)	(4,325)
Other Advances	305	390
Other Advances - Considered doubtful	-	23
Less: Provision for doubtful advances	-	(23)
Loans and advances to related parties (refer note 37)	280	730
Minimum Alternate Tax Credit Entitlement	68	-
Share in Joint Ventures	669	199
Share in Joint Ventures (Secured)	-	449
Total of Long-Term Loans and Advances	4,493	5,027

17 OTHER NON-CURRENT ASSETS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Outstanding for a period exceeding six months from the date they are due for payment	-	11
Long term deposits with banks with maturity period more than 12 months	20	62
Others	14	17
Share in Joint Ventures	236	134
Total Other Non-Current Assets	270	224

18 CURRENT INVESTMENTS (at Cost)

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Share in Joint Ventures	-	417
Total Current Investments	-	417
Considered as cash and cash equivalents as defined in AS-3 Cash Flow Statement	-	417

19 INVENTORIES (at Lower of Cost and Net Realisable value)

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Raw materials and components	3,873	4,313
Raw material overseas goods-in transit	39	203
Work-in-progress	2,315	2,422
Stores and Spares	1,701	1,693
Loose Tools	53	43
Finished Goods	5,535	4,148
Finished goods-in transit	395	614
Stock in Trade (acquired for trading)	82	81
Share in Joint Ventures	6,074	6,062
Total Inventories	20,067	19,579

20 TRADE RECEIVABLES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Unsecured-considered good		
Outstanding for a period exceeding six months from the due date of payment	955	1,074
Considered doubtful	218	99
Less: Provision for doubtful receivables	(218)	(99)
	955	1,074
Other Trade receivable	19,838	22,726
Considered doubtful	36	89
Less: Provision for doubtful receivables	(36)	(89)
	19,838	22,726
Share in Joint Ventures	6,505	5,426
Total Trade Receivables	27,298	29,226

21 CASH AND BANK BALANCES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Cash and Cash equivalents		
Cash on hand	12	12
Cheques / drafts on hand	682	36
Balances with Banks		
- In Current Accounts	1,291	1,524
- Other Bank balances	246	57
- Bank deposit with maturity more than 3 months but less than 12 months	394	78
In earmarked accounts:		
Unpaid Dividend accounts	71	62
Unpaid Interest warrant accounts	3	9
Capital Gain scheme account	1	1
Others	28	144
Share in Joint Ventures	347	425
Total Cash and Cash Equivalents	3,074	2,348
Note: Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is Cash and Cheques / drafts on hand and balances with banks in current accounts	2,577	2,054

22 SHORT-TERM LOANS AND ADVANCES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good unless otherwise stated		
Loans and advances to employees	49	52
Advances to Related party	-	75
Balance with Government authorities		
- CENVAT credit receivable	-	510
- Value added tax receivable	62	53
- Service Tax credit receivable	4	2
- Others	212	200
- Export Entitlements	293	277
- Deposit with Government authorities	286	351
- Balance with Customs and Excise	775	230
Suppliers Advances	457	341
Prepaid expenses	506	387
Other Advances	673	306
Share in Joint Ventures	1,634	1,528
Total Short-Term Loans and Advances	4,951	4,312

23 OTHER CURRENT ASSETS

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Insurance Claims Receivable	94	724
Others	354	172
Share in Joint Ventures	37	7
Total Other Current Assets	485	903

24 REVENUE FROM OPERATIONS	₹ Lakhs	
	Year ended March 31, 2013	Year ended March 31, 2012
Sale of products	2,10,238	1,99,487
Other Operating Revenue (net of excise duty) (Refer note 24.1)	3,929	3,232
Less: Excise duty	20,571	16,548
Total Revenue from Operations	1,93,596	1,86,171

24.1 Other Operating Revenue	₹ Lakhs	
	Year ended March 31, 2013	Year ended March 31, 2012
Sale of Scrap (net of excise duty)	1,386	1,360
Sale of Materials (net of excise duty)	795	844
Other Operating Revenue	985	389
Share in Joint Ventures	763	639
Total Other Operating Revenue	3,929	3,232

25 OTHER INCOME	₹ Lakhs	
	Year ended March 31, 2013	Year ended March 31, 2012
Dividend from investments - Gross		
- from Others	-	92
- current investments	12	-
Service Fees	709	579
Trade mark fee	620	282
Interest Income		
- Interest from Inter Corporate Loan	10	41
- Others	288	192
Profit on Sale of Assets	79	48
Provision no longer required written back	418	370
Export Incentive	201	-
Net gain on foreign currency transactions and translation	-	120
Other Income	84	190
Share in Joint Ventures	103	73
Total Other Income	2,524	1,987

26 COST OF MATERIALS CONSUMED	₹ Lakhs	
	Year ended March 31, 2013	Year ended March 31, 2012
Opening Stock of Raw materials	2,996	2,967
Add : Purchases	68,392	76,585
Less : Closing Stock	2,235	2,996
Share in Joint Ventures	40,351	28,851
Total Raw Materials consumed	1,09,504	1,05,406

27 PURCHASE OF STOCK-IN-TRADE	₹ Lakhs	
	Year ended March 31, 2013	Year ended March 31, 2012
Purchase of Traded goods	888	912
Share in Joint Ventures	2,278	-
Total Goods Purchased	3,166	912

28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS & STOCK-IN-TRADE

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Inventories at the beginning of the year (A)		
Finished goods	4,778	2,882
Work-in-progress	2,427	2,200
Stock-in-Trade	81	24
	7,286	5,106
Inventories at the end of the year (B)		
Finished goods	5,938	4,763
Work-in-progress	2,316	2,427
Stock-in-Trade	82	81
	8,336	7,271
Share in Joint Ventures	(368)	(206)
Total Changes in Inventories	(1,418)	(2,371)

29 EMPLOYEE BENEFIT EXPENSES

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries and wages	16,655	15,165
Staff welfare expenses	2,508	2,647
Contributions to Provident and other funds	1,661	1,326
Share in Joint Ventures	4,459	3,698
Total Employee benefit expense	25,283	22,836

30 FINANCE COSTS

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Interest expense		
- On Borrowings	2,551	2,904
- Others	885	510
Share in Joint Ventures	490	328
Total Finance Costs	3,926	3,742

31 OTHER EXPENSES

₹ Lakhs

	Year ended March 31, 2013	Year ended March 31, 2012
Consumption of stores and spare parts	5,291	5,719
Power and Fuel	7,194	5,402
Rent	237	430
Repairs and Maintenance		
- Buildings	354	292
- Plant and Machinery	2,164	2,450
- Others	746	795
Insurance	431	390
Directors' Sitting Fees & Commission	59	66
Warranty	185	291
Donation	126	140
Bank Charges	26	8
Administrative Expenses	198	1,166
Royalty and Technical Fees	419	440
Travelling and Conveyance	1,426	1,299
Packing and Forwarding	2,641	2,834
Freight Outward	1,905	1,860
Exchange Loss	266	226
Audit Fees (includes fees to subsidiaries' auditors)		
- statutory audit	51	55
- tax audit	9	9
- other services	20	23
Bad debts written off	4	36
Marketing & Selling expenses	594	646
Advertisement and Sales Promotion	563	576
Commission and Discount	2,385	2,666
Provision for Doubtful debts	84	29
Job work Expenses	870	1,060
Service Contractor's charges	390	-
Rates and Taxes	313	46
Professional Charges	1,308	1,149
Information System Infrastructure Expenses	449	591
Other marketing expenses	59	-
Loss on Sale of Assets	4	28
Assets Write off / Provision for retirement of assets	65	3
Advances written off	1	-
Miscellaneous Expenses	1,240	1,208
Share in Joint Ventures	7,928	5,983
Total Other Expenses	40,006	37,916

32 CONTINGENT LIABILITIES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Letters of Credits & Guarantees issued by Bank	1,357	509
Guarantees issued/undertakings given	4,395	4,709
Bills discounted	599	2,579
Claims against the Company not acknowledged as debts	3,382	3,148
Share in Joint Ventures	2,234	2,680
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advance)	2,204	4,228
Share in Joint Ventures	1,726	937

Other Commitments

In respect of REVL, the company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports amounting to ₹997 Lakhs within the period allowed under the scheme.

Voluntary Retirement Scheme (VRS) was offered in one of the plants. The commitment under (VRS) implemented during April 2013 amounts to ₹4,076 Lakhs.

In respect of RNSSL, the Company has received a demand notice from the Haryana State Industrial Development Corporation (“HSIDC” or “the Corporation”) for an amount of ₹126 lakhs in respect of enhancement cost for the land allotted to the Company by the Corporation. The demand comprises ₹76 lakhs towards the principal cost and ₹49 lakhs towards interest. The Company has deposited the principal amount without prejudice to their rights. The Company along with other plot-holders is contesting the demand and in view of the legal opinion obtained by the Company, the Company has not accrued for the interest cost demanded by the Corporation.

33 OPERATING LEASES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Operating Leases		
Details of leasing arrangements		
The Company has operating lease agreements for office space and residential accommodation with option to renew with escalation.		
Lease Rental debited to the Statement of Profit and Loss	61	32
Future minimum lease payments		
- not later than one year	40	36
- later than one year and not later than five years	-	-
- later than five years	-	-
	101	68
Office Equipments and Cars are taken on lease for a period ranging from one year to five years and are renewable at the option of the Company.		
Lease Rental debited to the Statement of Profit and Loss	139	150
Future minimum lease payments		
- not later than one year	85	103
- later than one year and not later than five years	77	123
- later than five years	-	-
	301	376

34 WARRANTIES

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
Balance at the beginning of the year	417	369
Provision made during the year	195	206
Provision used against claims settled during the year	252	158
Balance at the end of the year	360	417
Share in Joint Ventures	404	373

35 SEGMENT REPORTING

The Company holds strategic investments in subsidiaries, joint ventures and associates (collectively called “the Group”) all of which operate in single segment viz., components for Transportation industry and also provides consultancy and others services to the Group.

36 EXCEPTIONAL ITEMS

In respect of RML, exceptional items represent amount paid to employees under Voluntary Retirement Scheme (VRS) amounting to ₹ Nil (Previous year ₹19.20 lakhs)

In respect of REVL, exceptional items represents :

- a) Profit on sale of company's surplus land near Chennai alongwith appurtenant building amounts to ₹ Nil (Previous year ₹1627 lakhs).
- b) Voluntary Retirement Scheme (VRS) expenditure in the nature of employee benefits paid to employees opted for VRS amounts to ₹8 lakhs (Previous year ₹406 lakhs)

In respect of RDL, exceptional items represent provision for Fuel Surcharge Adjustment Charges amounting to ₹61 lakhs (Previous year ₹ Nil)

37 RELATED PARTY TRANSACTIONS**Details of related parties:**

Description of relationship	Names of related parties 2012-2013	Names of related parties 2011-2012
Joint Ventures	Rane TRW Steering Systems Limited (RTSSL)	Rane TRW Steering Systems Limited (RTSSL)
	Rane NSK Steering Systems Limited (RNSSL)	Rane NSK Steering Systems Limited (RNSSL)
	JMA Rane Marketing Limited (JMA Rane)	JMA Rane Marketing Limited (JMA-Rane)
Associates	Kar Mobiles Limited	Kar Mobiles Limited
	SasMos HET Technologies Limited	SasMos HET Technologies Limited
Key Management Personnel (KMP)	Mr. L Lakshman	Mr. L Lakshman
	Mr. L Ganesh	Mr. L Ganesh
Relatives of KMP	Mrs. Pushpa Lakshman	Mrs. Pushpa Lakshman
	Mr. Harish Lakshman	Mr. Harish Lakshman
	Mr. Vinay Lakshman	Mr. Vinay Lakshman
	Mrs. Meenakshi Ganesh	Mrs. Meenakshi Ganesh
	Mr. Aditya Ganesh	Mr. Aditya Ganesh
	Mrs. Aparna Ganesh	Mrs. Aparna Ganesh
	Mrs. Shanti Narayan	Mrs. Shanti Narayan
	Mrs. Hema C Kumar	Mrs. Hema C Kumar
Company in which KMP / Relatives of KMP can exercise significant influence	Mrs. Vanaja Aghoram	Mrs. Vanaja Aghoram
	Rane Foundation	Rane Foundation

Note: Related parties relationship are as identified by the management and relied upon by the auditors.

DETAILS OF RELATED PARTY TRANSACTIONS DURING THE YEAR ENDED MARCH 31, 2013 AND BALANCES OUTSTANDING AS AT MARCH 31, 2013:

	Fee for Services rendered	Trade Mark Fee received	Trade Mark Fee paid	Royalty paid	Dividend Received	Interest Paid	Purchase of material components	Purchase of capital goods	Donation Paid	Loan given	Fixed Deposits accepted/renewed/repaid	Salary and Perquisites	Commission	Sitting Fee for Board and Committee Meetings	Others (Reimbursement of Expenses)	Total
Joint Ventures																
Rane TRW Steering Systems Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances outstanding at the end of the year																
Rane TRW Steering Systems Limited	-	-	-	-	-	-	-	-	-	425	-	-	-	-	-	425
	-	-	-	-	-	-	-	-	-	(500)	-	-	-	-	-	(500)
Associates																
Kar Mobiles Limited	130	32	-	-	49	-	-	-	-	-	-	-	-	-	4	215
	(147)	-	-	-	(53)	-	-	-	-	-	-	-	-	-	(22)	(222)
Balances outstanding at the end of the year																
Kar Mobiles Limited	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
Key Management Personnel (KMP)																
Mr. L Lakshman	-	-	-	-	-	8	-	-	-	-	10	77	78	1	-	174
	-	-	-	-	-	(8)	-	-	-	-	(47)	(74)	(78)	-	-	(207)
Mr. L Ganesh	-	-	-	-	-	2	-	-	-	-	10	102	52	-	-	166
	-	-	-	-	-	(1)	-	-	-	-	(1)	(152)	(59)	-	-	(213)
Balances outstanding at the end of the year																
Mr. L Lakshman	-	-	-	-	-	-	-	-	-	-	60	-	78	-	-	138
	-	-	-	-	-	-	-	-	-	-	(70)	-	(78)	-	-	(148)
Mr. L Ganesh	-	-	-	-	-	-	-	-	-	-	16	-	41	-	-	57
	-	-	-	-	-	-	-	-	-	-	(16)	-	(59)	-	-	(75)

DETAILS OF RELATED PARTY TRANSACTIONS DURING THE YEAR ENDED MARCH 31, 2013 AND BALANCES OUTSTANDING AS AT MARCH 31, 2013:

	Fee for Services rendered	Trade Mark Fee received	Trade Mark Fee paid	Royalty paid	Dividend Received	Interest Paid	Purchase of material components	Purchase of capital goods	Donation Paid	Loan given	Fixed Deposits accepted/ renewed/ repaid	Salary and Other Perquisites	Sitting Fee for Board and Committee Meetings	Others (Reimbursement of Expenses)	Total
Relatives of Key Management Personnel (KMP)															
Relatives of the KMP	-	-	-	-	-	18	-	-	-	-	105	-	2	-	125
Balances outstanding at the end of the year	-	-	-	-	-	(24)	-	-	-	-	(21)	-	(3)	-	(49)
Relatives of the KMP	-	-	-	-	-	-	-	-	-	-	165	-	-	-	165
Company in which KMP / Relatives of KMP can exercise significant influence	-	-	-	-	-	-	-	-	-	-	(220)	-	-	-	(220)
Rane Foundation	-	-	-	-	-	-	-	-	185	-	-	-	-	-	185
Balances outstanding at the end of the year	-	-	-	-	-	-	-	-	(188)	(100)	-	-	-	-	(288)
Rane Foundation	-	-	-	-	-	-	-	-	-	300	-	-	-	-	300
Balances outstanding at the end of the year	-	-	-	-	-	-	-	-	-	(300)	-	-	-	-	(300)

Note: Figures in bracket relates to the previous year

38 DISCLOSURE AS PER AS 15 - EMPLOYEE BENEFITS
(including subsidiaries and joint ventures)

₹ Lakhs

	As at March 31, 2013	As at March 31, 2012
The group's obligation towards the defined benefit plan of gratuity and leave encashment are as follows:-		
(a) Defined Benefit Plan - Gratuity		
Present value of obligation at the beginning of the year	3,408	3,192
Interest cost	283	248
Current service cost	298	249
Benefits paid	(252)	(472)
Actuarial (gain)/loss on obligation	321	191
Present value of obligation as at the end of the year	4,058	3,408
Fair value of plan assets at the beginning of the year	3,029	2,912
Expected return on plan assets	296	262
Contribution	430	335
Benefits paid	(252)	(472)
Actuarial (gain)/loss on obligation	(4)	(7)
Fair value of plan assets at the end of the year	3,499	3,029
Amounts recognised in the Balance Sheet		
Present value of obligation as at the end of the year	4,058	3,407
Fair value of plan assets at the end of the year	3,499	3,029
Funded status of the plan - asset/(liability)	559	378
Amounts recognised in the Statement of Profit and Loss		
Current service cost	305	250
Interest cost	276	247
Expected return on plan assets	(295)	(262)
Net actuarial (gain)/loss recognised in the year	325	198
Expenses recognised in the Statement of Profit and Loss	611	434
Principal actuarial assumptions as at Balance Sheet date		
Discount rate	8% to 9 %	8% to 9 %
Salary escalation	4.50% to 8%	4.50% to 8%
Expected return on plan assets	9% to 9.50%	9% to 9.50%
Attrition rate	1% to 10%	1% to 10%
(b) Long Term Benefits - Compensated absence		
Principal actuarial assumptions as at Balance Sheet date		
Discount rates	8% to 9%	8% to 9%
Salary escalation	4.50% to 9.30%	4.50% to 8%
Attrition rate	1% to 10%	1% to 10%

39 DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE AS PER ACCOUNTING STANDARD AS30 “FINANCIAL INVESTMENTS, RECOGNITION AND MEASUREMENT.

Rane (Madras) Limited (RML), a subsidiary company uses derivative financial instruments such as forward contracts and option contracts to limit the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward contract and option contracts, where the counterparty is a bank.

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

Currency	Buy/Sell	Amount	Cross Currency
USD		-	
USD	Sell	(3,00,000)	Rupees

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

Currency	Buy/Sell	Amount	Cross Currency
USD	Sell	36,00,000	Rupees
USD	Sell	(11,50,000)	Rupees

Note: Figures in brackets relate to the previous year

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

Nature of Transaction	As at March 31, 2013		As at March 31, 2012	
	Receivable/ (Payable) INR	Receivable/ (Payable) Foreign Currency	Receivable/ (Payable) INR	Receivable/ (Payable) Foreign Currency
Loan - USD	(3,401)	-\$62	(2,178)	-\$43
Receivables - USD	1,272	\$23	1,366	\$27
Receivables - EUR	223	€3	13	*
Loan - EUR	(66)	€1	(72)	€1
Payables - USD	(43)	-\$1	35	\$7
Payables - EUR	(2)	*	36	€1
Payables - YEN	(5)	- ¥3	*	*
Advances - USD	4	*	4	*

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

Rane Engine Valve Limited (REVL), a subsidiary company uses derivative financial instruments such as forward contracts and option contracts to limit the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward contract and option contracts, where the counterparty is a bank.

The details of Derivative instrument outstanding's and Unhedged Foreign Currency exposure in respect of REVL detailed below:-

S.No	Purpose	Nature	Currency	31.03.13	31.03.12	31.03.13	31.03.12
				FCY Amount in Lakhs		₹ Lakhs	
1	Forward Currency Swap Outstanding						
	ECB Loan taken in USD 5,910,000 and swapped against INR	Cross Currency Swap	INR	-	7	-	297
	ECB Loan taken in USD 3,250,000 and swapped against INR	Cross Currency Swap	INR	21	30	987	1,426
	ECB Loan taken in USD 5,000,000 and swapped against INR	Cross Currency Swap	INR	46	50	2,048	2,206
	ECB Loan taken in USD 5,000,000 and swapped against INR	Cross Currency Swap	INR	50	-	2,660	-
2	Payable in USD	Currency Swap	INR	5	12	244	576
	Receivable in USD	Currency Swap	INR	2	4	110	217
	Receivable in EURO	Currency Swap	INR	5	2	338	123
	Receivable in AUD	Currency Swap	INR	-	-	-	-
3	Receivable in USD	Currency Options	INR	-	12	-	608
	Receivable in EURO	Currency Options	INR	-	6	-	417
4	Unhedged Foreign Currency Exposure						
a)	PCFC Loan in USD		USD	9	16	475	789
b)	PCFC Loan in EURO		EURO	9	-	609	-
c)	Outstanding Debtors		USD	4	-	234	-
			EURO	3	3	180	175
			GBP	-	1	15	41
			AUD	-	-	14	-
d)	Outstanding Creditors - Goods		USD	1	-	76	27
			AUD	-	1	-	1
			EURO	-	1	2	15
e)	Outstanding Creditors - Expenses		EURO	-	-	18	12
			AUD	-	-	6	-

In respect of subsidiary company Rane Brake Lining (RBL), the category wise quantitative data about derivative instruments outstanding at the balance sheet date is given below:

S.No	Particulars		31.03.2013	31.03.2012
	Foreign Currency Exposures that are directly hedged by a derivative instrument or otherwise		Foreign Currency ₹ In Lakhs	Foreign Currency ₹ In Lakhs
1	Receivables			
		DOLLAR	-	-
		EURO	-	-
		GBP	1	-
		AUD	-	-
2	Payables			
		DOLLAR	-	-
		EURO	-	-
		GBP	-	-
		JPY	-	-
	Foreign Currency Exposures that are not directly hedged by a derivative instrument or otherwise			
3	Due to Creditors			
		DOLLAR	1	6
		EURO	-	-
		GBP	1	-
		JPY	690	705
4	Due from Debtors			
		DOLLAR	5	3
		EURO	-	-
		GBP	-	-
		AUD	1	-
5	Foreign Currency Loan			
		DOLLAR	-	6
		EURO	-	-
		GBP	-	456
		JPY	-	-

Rane Diecast Limited (RDL), a subsidiary company uses derivative financial instruments such as forward contracts and option contracts to hedge currency exposures, present and anticipated denominated in US Dollars and Japan Yens. All financial and derivative contracts entered into by RDL are for hedging purpose only.

The details of Derivative instrument outstanding's and Unhedged Foreign Currency exposure in respect of RDL detailed below:-

S.No	Particulars	Bought/Sold	Currency	31.03.2013	31.03.2012
				FCY Amount in Lakhs	
1	Forward contracts	Sold	USD	9	6
		Bought	JPY	361	-
2	Option Contracts	Sold	USD	9	38
3	Receivable on account of sale of goods (Unhedged)	Sold	EURO	0	0
4	Payable on account of purchase of goods / services	Bought	USD	20	23

Rane TRW Steering Systems (RTSSL), a Joint Venture company enters into foreign currency forward contracts as per its risk management policies and procedures to manage its exposure in foreign exchange rates. The counter party is generally a bank. Generally, RTSSL takes forward contracts for a period of 6 months.

The following are outstanding Foreign Exchange forward contracts which have been designated as Cash Flow Hedges as on March 31, 2013.

S.No	Currency	No. of Contracts	March 31, 2013		March 31, 2012		
			Notional amount of Forward Contracts	MTM Gain/ (Loss)	No. of Contracts	Notional amount of Forward Contracts	MTM Gain/ (Loss)
			FCY Amount in Lakhs	Amount in Lakhs		FCY Amount in Lakhs	Amount in Lakhs
1	USD	1	1	(0)	2	1	1
2	EURO	6	2	(0)	3	0	-

In respect of Rane NSK Steering Systems Limited (RNSSL), the year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

S.No	Particulars	Foreign Currency	Year ended March 31, 2013		Year ended March 31, 2012	
			Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
1	Trade Payables	USD	9	488	49	2,557
2	Trade Payables	JPY	5,597	3,235	11,438	7,139

40 EARNINGS PER SHARE

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Profit After Tax ₹ Lakhs	3,838	7,172
Weighted Average Number of Shares - Basic & Diluted	1,42,77,809	1,42,77,809
Earnings Per Share of ₹10/- each - Basic & Diluted	26.88	50.23

41 PREVIOUS YEAR'S FIGURE

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

For and on behalf of the Board

Place : Chennai
Date : May 27, 2013

C.SIVA
Secretary

L LAKSHMAN
Executive Chairman

L GANESH
Vice Chairman

RANE HOLDINGS LIMITED

Registered Office: 'Maithri', 132, Cathedral Road, Chennai 600 086

Notice to Shareholders

NOTICE is hereby given that the **Seventy Seventh Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m. on Monday, August 12, 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 Directors' Report, the audited accounts of the Company for the year ended March 31, 2013 and the Auditors' report thereon.

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

"Resolved that the Audited Balance Sheet as at March 31, 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 ₹3.50 per equity share declared by the Board of Directors of the Company on February 6, 2013 on 1,42,77,809 equity shares of ₹10/- each fully paid, absorbing a sum of ₹5,63,03,258.50 (including dividend distribution tax and cess thereon), paid to the shareholders on February 21, 2013 for the year ended March 31, 2013, be and is hereby approved."

"Resolved further that final dividend of ₹4.50 per equity share of ₹10/- each on 1,42,77,809 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 ₹7,51,69,452 (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 **August 12, 2013** and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on **August 2, 2013** as per the details furnished by the Depositories for this purpose."

3. To appoint a Director in the place of Mr. L Ganesh, who retires by rotation under Article 108 and 109 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 Ganesh, who retires by rotation and being eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

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

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

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

SPECIAL BUSINESS:

5. **Appointment of Director**

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

"Resolved that Mr. Anil Kumar Nehru, 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."

Rane Holdings Limited

6. Not to fill up the vacancy caused by retirement of director

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

“Resolved that the vacancy on the Board of Directors of the Company due to the retirement by rotation of Mr. Krishnan S Waran, who does not seek re-election, be not filled.”

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

Chennai
May 27, 2013

C Siva
Secretary

NOTES:

1. Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as given in the notice is annexed.
3. The Register of Members of the Company will remain closed from **Saturday, August 3, 2013 to Monday, August 12, 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. All members are entitled to receive the communication in physical form upon request for the same.
6. Members holding shares in physical form are requested to notify to the Company immediately of any change in their residential and e-mail address to the Registrar and Transfer Agents:

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

Members holding shares in Dematerialized form may inform the change in residential and e-mail address to their 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.

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

Chennai
May 27, 2013

C Siva
Secretary

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

Resolution No. 5

The Board of Directors of your Company co-opted Mr. Anil Kumar Nehru on February 6, 2013 as additional director. Mr. Anil Kumar Nehru holds a Masters Degree in Chemical Engineering from MIT, USA and has done Executive Business Management courses from Indian Institute of Management, Ahmedabad, Columbia University and Harvard Business School. He has over 40 years of rich experience in the filed of administration, production, quality operations, R&D, Purchase, Supply Chain & Environment, Health & Safety of 5 Pfizer factories and 40 outsourced manufacturers.

Mr. Anil Kumar Nehru is a member of non-profit organisations such as the Governing Council Blood Resource Center, Chandigarh, Board of Governors of Yadavindra Public School, an educational institution and Governing body of Shanti Avedna Sadan, a cancer hospice with branches at Mumbai, Goa and Delhi. He has conducted seminars on Occupational Health & Safety for General Electric in US, Europe and India and at Infosys for their various locations in India.

He is an independent Director on the boards and audit committees of EIH Ltd., EIH Associated Ltd., Sanat Products Ltd. and Ayurved Ltd.

Details of Mr Anil Kumar Nehru, required to be disclosed in terms of Clause 49 IV of the Listing Agreement is attached to this notice.

The term of Mr. Anil Kumar Nehru, as per Section 260 of the Companies Act, 1956 is only upto this 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 the member signifying the intention to propose his candidature for the office of director of the Company.

Mr. Anil Kumar Nehru is deemed to be interested in the resolution. No other director is concerned or interested in the resolution.

The directors commend the resolution for adoption.

Resolution No. 6

Mr. Krishnan S Waran retires by rotation at this Annual General Meeting and does not seek re-election for appointment as director at the meeting. The Board appreciated the valuable services of Mr. Krishnan S Waran to the Company during his tenure as director. The Board has decided not to fill-up the vacancy caused by the retirement of Mr. Krishnan S Waran at the ensuing Annual General Meeting. Since this is not an ordinary business as classified in Section 173 of the Companies Act, 1956, this item is being taken up as a Special Business at the ensuing Annual General Meeting.

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

The directors commend the resolution for adoption.

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

Chennai
May 27, 2013

C Siva
Secretary

Rane Holdings Limited

Information about director seeking re-appointment / appointment in this annual general meeting in respect of item Nos. 3 & 5 above (in accordance with Clause 49 IV of the Listing Agreement)

	Re-appointment Item No.3	Appointment Item No.5
Name of the director	Mr. L Ganesh	Mr. Anil Kumar Nehru
Father's Name	Mr. L L Narayan	Mr. Braj Kumar Nehru
Date of birth	March 18, 1954	May 2, 1941
Educational Qualifications	B.Com., ACA, MBA	B.Sc and M.Sc., Chemical Engineering, Executive Business Management Courses - IIM Ahmedabad, Columbia University & Harvard Business School
Date of appointment	June 26, 1986	February 6, 2013
Experience	Mr L Ganesh, Chairman of Rane Group, is closely involved in management of all companies in Rane Group and has over 34 years of industrial experience.	Mr. Anil Kumar Nehru has over 40 years of rich industrial experience
Other Directorships	<p>Public Limited Companies</p> <p>Chairman & Managing Director Rane Engine Valve Ltd.</p> <p>Chairman Rane NSK Steering Systems Ltd. Rane TRW Steering Systems Ltd. Rane Diecast Ltd. Kar Mobiles Ltd. Rane (Madras) Ltd. Rane Brake Lining Ltd. SasMos HET Technologies Ltd.</p> <p>Director EIH Ltd. EIH Associated Hotels Ltd. JMA Rane Marketing Ltd.</p>	<p>Public Limited Companies</p> <p>Director EIH Ltd. EIH Associated Hotels Ltd. Ayurvet Ltd. Sanat Products Ltd.</p>
Committee Memberships	<p>Chairman - Audit EIH Associated Hotels Ltd.</p> <p>Member - Audit Rane Holdings Ltd. Rane Brake Lining Ltd. Rane TRW Steering Systems Ltd. Rane NSK Steering Systems Ltd.</p> <p>Chairman - Investors' Service Kar Mobiles Ltd.</p> <p>Member - Investors' Service Rane Holdings Ltd. Rane Brake Lining Ltd. Rane Engine Valve Ltd.</p>	<p>Chairman - Audit Ayurvet Ltd.</p> <p>Member - Audit EIH Ltd. EIH Associated Hotels Ltd.</p>
Number of shares held	7,11,644	Nil

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

Chennai
May 27, 2013

C Siva
Secretary

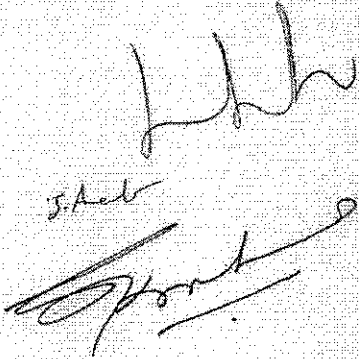
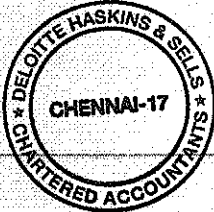


Expanding Horizons

Rane Corporate Centre
"Maithri", 132, Cathedral Road, Chennai - 600 086, India
Phone : +91 44 28112472 / 73
Fax : +91 44 28112449
Website : www.rane.in

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Rane Holdings Limited
2.	Annual financial statements for the year ended	March 31, 2013 (Standalone financial statements)
3.	Type of Audit observation	Un-Qualified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by-</p> <p>L Lakshman Chief Executive Officer/Managing Director</p> <p>J Ananth Chief Financial Officer</p> <p>Krishnan S Waran Audit Committee Chairman</p> <p>Refer our Audit Report dated May 27, 2013 on the standalone financial statements of the company</p> <p>For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 008072S) <i>Getha Suryanarayanan</i> Partner (Membership No. 29519) Auditor</p> <p>Place : Chennai Date : May 27, 2013</p>	 

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Rane Holdings Limited
2.	Annual financial statements for the year ended	March 31, 2013 (Consolidated financial statements)
3.	Type of Audit observation	Un-Qualified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by-</p> <p>L Lakshman Chief Executive Officer/Managing Director</p> <p>J Ananth Chief Financial Officer</p> <p>Krishnan S Waran Audit Committee Chairman</p> <p>Refer our Audit Report dated May 27, 2013 on the consolidated financial statements of the company</p> <p>For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 008072S) <i>Geetha Suryanarayanan</i> Geetha Suryanarayanan Partner (Membership No. 29519) Auditor</p> <p>Place : Chennai Date : May 27, 2013</p>	