

The Board of Directors
Rane (Madras) Limited
"Maithri", 132, Cathedral Road
Chennai- 600 086.

1. We have reviewed the accompanying 'Un-audited financial results for the Quarter ended September 30, 2011' in which are included the results for the quarter ended September 30, 2011 and the statement of assets and liabilities as on that date (the "Statement") of Rane (Madras) Limited, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management but have neither been reviewed nor been audited by us. The Statement has been prepared by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges in India, which has been initialled by us for identification purposes. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. We have only traced the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' in the Statement from the disclosures made by the Management and are, therefore, not expressing a review opinion thereon.
5. *We draw your attention to the Company's treatment of External Commercial Borrowings (the "ECBs") and swaps on a composite basis and capitalisation of the resultant net exchange loss of Rs. 18.14 Lakhs as fixed assets, resulting in non-compliance with:*
 - (a) *Accounting Standard (AS) 11 - The Effect of Changes in Foreign Exchange Rates - in view of non restatement of certain foreign currency ECBs as at period end, which were availed for purchase of depreciable fixed assets; and consequent non recognition of the resultant foreign exchange loss of Rs.446.21 Lakhs, which, in line with the accounting policy of the Company, is required to be adjusted to the carrying amount of such assets; and*
 - (b) *Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement - in view of non-recognition of mark-to-market gain (net) of Rs. 59.73 Lakhs relating to swap contracts on the ECBs outstanding at the period end, in the Profit and Loss Account as the aforesaid swap contracts have not been considered for hedge accounting under AS 30, which has been adopted by the Company.*

