



Rane (Madras) Limited



64th ANNUAL REPORT 2000

Rane (Madras) Limited

Regd. Office : "Maithri", 32, Cathedral Road, Chennai - 600 086

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Sixtyfourth Annual General Meeting** of the Equity Shareholders of the Company will be held at **11 a.m. on Tuesday, the July 25, 2000**, at **Narada Gana Sabha**, 254, TTK Road, Chennai 600 018, to transact the following :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' report, the accounts of the Company for the year ended 31st March, 2000 and the Auditors' report thereon.
2. To declare dividend
3. To appoint a director in the place of Mr. L.Ganesh, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a director in the place of Mr. P N Vencatesan who retires by rotation and being eligible, offers himself for re-election.
5. To appoint auditors of the Company and to determine their remuneration. The retiring auditors Messrs D Rangaswamy & Co., Chartered Accountants, are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received.

SPECIAL BUSINESS

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

"Resolved that subject to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other provisions, if any, to the Companies Act, 1956, consent is hereby accorded to the revision of the remuneration of Mr L Lakshman, Chairman and Managing Director of the Company, with effect from April 1, 2000, for the remaining period of the current term i.e., upto March 31, 2002 and that he be paid.

Commission of 2% of the net profits of the Company, computed in accordance with Sections 198, 309 and 349 of the Companies Act, 1956, provided that the total remuneration drawn by Mr.L.Lakshman from the Company and Rane Brake Linings Limited, of which he is Managing Director, shall not exceed the limits specified in Section III

of Part II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time.

(By Order of the Board)

For **Rane (Madras) Limited**

Chennai
June 1, 2000.

K Srivatsan
Secretary

NOTES :

1. Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members of the Company will remain closed from **Tuesday, July 18, 2000 to Thursday, July 20, 2000** (both days inclusive).
3. Dividend that may be declared by the Company in the Annual General Meeting will be made payable on or after **August 1, 2000**, to the members, whose names appear on the Register of Members on **July 18, 2000** or their mandatees.
4. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Resolution No.6 is annexed.
5. Members are requested to notify immediately any change in their addresses.
6. 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 endorsements in due course.
7. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

Rane (Madras) Limited

EXPLANATORY NOTE PURSUANT TO SEC.173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS.

Resolution No.6

Mr.L. Lakshman was appointed as Managing Director of the Company for a period of 3 years with effect from April 1, 1999 on the terms and conditions approved by the shareholders at the 63rd Annual General Meeting held on July 27, 1999. Considering that Mr. Lakshman has been appointed as the Managing Director of Rane Brake Linings Limited with effect from April 1, 2000, the board at their meeting held on March 29, 2000 revised his remuneration as detailed in the resolution No.6 for

the remaining period of the current term, i.e. April 1, 2000 to March 31, 2002.

Mr. L. Lakshman, is concerned or interested in the resolution to the extent of remuneration proposed. Mr. L.Ganesh being related to Mr.L. Lakshman may be deemed to be interested in the resolution. No other director is concerned or interested in the resolution.

Shareholders are requested to treat this as a notice under Section 302 of the Companies Act, 1956.

The directors commend the resolution for adoption.

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

Chennai
June 1, 2000.

K Srivatsan
Secretary



Rane (Madras) Limited

L. L. NARAYAN - Chairman Emeritus

DIRECTORS

L.LAKSHMAN - Chairman & Managing Director
L.GANESH - Vice Chairman
M.S.KUMAR - Director & CEO
D.K.PARIKH
P.N.VENCATESAN
KRISHNAN.S. WARAN
V.NARAYANAN

BANKERS

CANARA BANK
STANDARD CHARTERED BANK
I D B I BANK

AUDITORS

D. RANGASWAMY & CO.
Chartered Accountants

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REGISTERED OFFICE " MAITHRI "

32, Cathedral Road, Chennai - 600 086

Plant I

"GANAPATHI BUILDINGS",
154, Velachery Road, Chennai-600 042.

Plant II

79/84, Hootagally Industrial Area,
Mysore - 571 186.

Plant III

A-1, 1st Main Road, Ambattur Industrial Estate,
Ambattur, Chennai - 600 058.

Plant IV

77, Thirubuvanai Main Road, Thirubuvanai Village,
Pondicherry - 605 107.

Rane (Madras) Limited

64th Annual Report 1999-2000

CONTENTS	PAGE
Report of the Directors	1
Auditors' Report	7
Balance Sheet	9
Profit and Loss Account	10
Schedules to Balance Sheet	11
Schedules to Profit and Loss Account	17
Quantitative and other information	20
Accounting Policies and Notes	21
Cash Flow Statement	27
Balance Sheet Abstract and Company's General Business Profile	28
Financial Highlights	29

Rane (Madras) Limited

REPORT OF THE DIRECTORS

The directors are pleased to present their sixtyfourth annual report together with the accounts for the year ended 31st March, 2000.

Financial results

	1999-2000 Rs. in million	1998-99 Rs in million
Sales and Operating Revenues	1,485.07	1,303.30
Profit / (Loss) before tax	14.44	(12.33)
Provision for tax	---	---
Profit / (Loss) after tax	14.44	(12.33)
Transfer from General Reserve	---	38.22
Excess Provision in earlier years written back	6.50	---
Surplus brought forward	7.92	7.92
Amount available for appropriation	28.86	33.81

Dividend and Retained Profits

The dividend on preference shares of 10.5% on 2 million preference shares of Rs.10/- each and 13% on 8 million preference shares of Rs.10/- each has been paid as interim dividend for the year under review. The arrears of dividend on the preference shares i.e. 0.5% on 2 million shares and 3% on 8 million shares has also been paid along with this interim dividend. The aggregate amount of dividend so utilised out of the available profits works out to Rs.15 million. As per the provisions of the Income Tax Act, 1961, the company has paid tax at 10% of the amount distributed plus a surcharge of 10% on the tax, out of the profits, aggregating to Rs.1.65 million.

Your Directors are pleased to recommend a dividend of 10% on the equity capital. This involves an outflow of Rs.5.12 million inclusive of 22% levy by way of Income Tax and Surcharge thereon.

This leaves the company with retained profits of Rs.7.09 million in the Profit and Loss Account, of which Rs.2.50 million is being transferred to the General Reserve, leaving a surplus of Rs.4.59 million.

General Review of the year

The fortunes of the automotive industry changed for the better. Whilst all the sectors notched up growth, passenger car sales leapfrogged by a spectacular

48%. Heavy commercial vehicles grew by a robust 40%, but coming as it did after two years of steep declines, the demand during 1999-2000 was still substantially below the peak level achieved during 1996-97. The growth rates seen across various segments are reflected in the table below.

	1999-00	1998-99
Passenger Cars	48%	- 2%
Utility Vehicles	10%	-16%
Light Commercial Vehicles	11%	-12%
Heavy Commercial Vehicles	40%	-12%
Farm Tractors	5%	3%
Two wheelers	11%	10%

(Source : ACMA Automotive Industry Report, May 2000)

Despite having achieved significant sales growth in the manual rack and pinion steering gears at the Pondicherry plant, the adverse effects of the product mix and the inability to effect price recoveries continued to affect the Company's profit performance. Further, new business opportunities that were planned for the year have been delayed. The Company's focus continues to be on improved management of working capital, better sales realisation and conservation of capital expenditure.

Rane (Madras) Limited

REPORT OF THE DIRECTORS (Contd.)

Outlook for the current year

Notwithstanding the growth rates witnessed, the drought in different parts of the country has brought new uncertainties. Infact, there are already worrisome signs of decline in demand in the first quarter for commercial vehicles and farm tractors, both segments in which your company has a strong presence. Although our expectation is that the passenger car industry will grow by atleast 10%, the mood is one of caution all round.

Your company expects to commence supply of new type of steering gears for medium and heavy commercial vehicles. In the medium term, this should add to your company's sales quite significantly. However, for the immediate term, the gains to be expected would be modest.

Joint Venture companies

Rane TRW Steering Systems Limited registered significant growth in sales over the previous year, helped by robust growth of commercial vehicle segments that apply power steering. Sales were up at Rs.868 million against Rs.617 million in the previous year.

Rane TRW Steering Systems paid an interim dividend of 20% in the year ended March 31, 2000

TRW Rane Occupant Restraints Limited achieved a sales of Rs.85.76 million. The expected market penetration was achieved in the year 1999-2000. With significant export orders on hand, the company is expected to further grow during the current fiscal year and also breakeven.

Rane Nastech Limited which went into production in the year 1998-99 achieved a growth rate of nearly 100%. The company's various products have been well accepted by major car companies. The company is poised to grow further during the current fiscal year. To enable improve the margins, an aggressive localisation programme is being launched and this should help the company achieve break even by end 2002.

Deposits

Deposits outstanding as on March 31, 2000 amounted to Rs.21,715,000. All deposits that matured during the year were repaid/renewed except for a sum of Rs.50,000 for which claims were not lodged with the company. Of the above, a sum of Rs.5,000 has since been repaid/renewed.

Directorate

Mr L. Lakshman, Chairman and Managing Director of the Company has also taken over as the Chairman and Managing Director of Rane Brake Linings Limited, with effect from April 1, 2000.

Mr.L.Ganesh and Mr. P.N.Vencatesan, retire under Article 108 of the Articles of Association of the company and are eligible for re-election.

Conservation of Energy

Efforts towards conservation of energy by improving power factor, ceramic lining of furnaces and electronic chokes for lighting, yielded encouraging results.

Research and Development activities

R & D efforts in the company in upgradation of the existing products and development of new products continue. The statement giving information as required under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is enclosed to this Report.

Foreign exchange earnings and outgo

Foreign exchange earned during 1999-2000 by export is Rs.21.33 million and foreign exchange outgo is Rs.28.70 million. In addition, we have exported components worth Rs.3.43 million as a supporting manufacturer.

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 the annexed statement which forms part of this report.

Rane (Madras) Limited

REPORT OF THE DIRECTORS (Contd.)

Training and Development

Your company continues its endeavours to be a learning organisation. More employees have participated in the training programmes conducted by Rane Institute for Employee Development (RIED). Your company works closely with RIED in developing modern training modules relevant to the upcoming types of markets and technologies.

Auditors

The company's auditors Messrs D. Rangaswamy & Co., retire at the ensuing annual general meeting and are eligible for reappointment. The declaration under Section 224 (1-B) of the Companies Act, 1956 has been received from them.

Dematerialisation of shares

During the year, your company entered into an agreement with Central Depository Services (India) Limited (CDSL), Mumbai for dematerialisation of the equity shares of the company. With this, shareholders have the option of dematerialising their shares with NSDL nad CDSL.

Corporate Governance

The amended provisions of the listing agreement entered into with the Stock Exchanges are applicable to your Company with effect from April 1, 2001. Your Company has initiated steps for compliance with these provisions, ahead of this date.

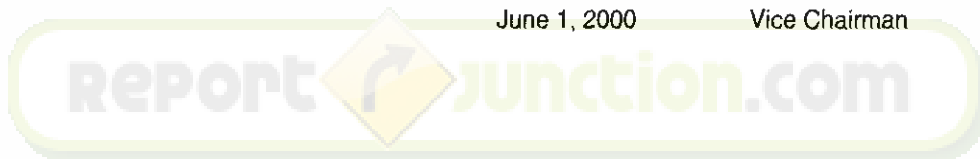
For and on behalf of the Board

L LAKSHMAN

Chairman & Managing Director

Chennai
June 1, 2000

L GANESH
Vice Chairman



Rane (Madras) Limited

FORM B

Disclosure of particulars with respect to Research and Development and Technology absorption as required under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the report of the Board of Directors for the year ended 31st March, 2000.

Research & Development (R&D)

R&D efforts of the company were directed towards development of products for new generation of vehicles manufactured in India. Future plan of R&D is to develop improved steering gears.

Expenditure on R&D is as follows:

	Rs.
Capital	1,143,963
Recurring	9,657,011
Total	10,800,974
Total R&D expenditure as a percentage of total turnover	0.73%

Technology absorption, adaptation and innovation

The technology absorbed with collaboration agreement has proved useful.

For and on behalf of the Board

L LAKSHMAN
Chairman & Managing Director

Chennai
June 1, 2000

L GANESH
Vice Chairman

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Rane (Madras) Limited

Particulars as per Section 217 (2A) of the Companies Act, 1956 attached to and forming part of the Directors' Report

No.	Name	Age	Designation / Nature of Duties	Remuneration (Rs)	Qualification	Experience (Years)	Date of commencement of employment	Particulars of last employment
1	George Mathew	51	Dy. Gl. Manager - HRD	691,405	M.Sc., PGDPM(XLRI)	26	16.06.1997	Manager (HRD) INDAL
2	Hydari A *	55	President	177,545	C Engg. M I Mfg. E(UK) BE (Mech)	33	01.03.2000	ED & CEO Texmaco, Indonesia
3	Kamath K R *	67	Advisor	802,716	B.Tech	43	07.04.1998	Director (Special Projects) Rane (Madras) Limited
4	Kannan N	55	Dy. Gl. Manager - Plant Engg.	631,866	L.M.E., M.I.E. (Mech)	36	12.02.1987	Works Engineer G.K.W. Bangalore
5	Kasbaker V S *	46	General Manager - Operations	347,876	B.Tech	24	10.01.1997	Floor Engineer Telco, Pune
6	Lakshman L	54	Chairman & Managing Director	1,727,577	B.E.	30	01.07.1996	Chairman & Managing Director Rane Brake Linings Ltd.
7	Lakshmanan S	52	General Manager - Marketing	626,836	B.Sc, DMIT, PGD in B&A	31	12.05.1978	Service Engineer Bajaj Tempo Ltd.
8	Nagabhushan M V	47	Dy. Gl. Manager - Maintenance	707,916	B.Tech	23	16.05.1997	Manager Sriram Pistons Ltd.
9	Narayanan R	51	General Manager - Materials	938,640	B.E. (Mech), PGD(SQC&OR)	28	04.06.1992	Asst. General Manager Monotype India Ltd.
10	Parameswaran P S	51	Dy. Gl. Manager - Finance	663,834	B.Com., ACA	25	22.08.1995	General Manager IDEA Ltd.
11	Pundle H S	50	Dy. Gl. Manager - Operations	638,927	BE (Mech)	28	08.11.1996	Dy. General Manager Machine Tools prototype factory
12	Rajasekaran K R *	42	Dy. Gl. Manager - Quality Control	215,816	B.Tech	22	13.12.1999	Chief Manager-Product Development, TI Cycles of India
13	Ramachandran A	44	Dy. Gl. Manager - Materials	601,998	BE Hons., PGDM (IIM)	23	01.04.1997	Sr. Manager-Materials Royal Enfield Motors Ltd.
14	Ramkumar G	48	Dy. Gl. Manager - Marketing	683,409	B.Sc. Engg.	22	28.08.1995	Dy. General Manager Techcons