



## **Rane (Madras) Limited**



67th ANNUAL REPORT 2003

# Rane (Madras) Limited

Regd. Office: "Maithri", 132, Cathedral Road, Chennai - 600 086.

## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the **Sixty-seventh Annual General Meeting** of the Equity Shareholders of the Company will be held at **11 a.m. on Wednesday, July 23, 2003**, at **Narada Gana Sabha**, 254, TTK Road, Chennai 600 018, to transact the following :-

1. To receive, consider and adopt the Directors' Report, the audited accounts of the Company for the year ended March 31, 2003 and the Auditors' report thereon.

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

"Resolved that the Profit and Loss account for the year ended March 31, 2003 and the Balance Sheet as at March 31, 2003 together with the report of the directors and the auditors be and are hereby adopted".

- 2 To appoint a director in the place of Mr. L.Ganesh, who retires by rotation under Article 108 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, be and is hereby reappointed Director of the Company".

3. To consider the retirement by rotation of Mr.M S Kumar who does not seek re-election under article 108 of the Articles of Association.

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

"Resolved that Mr.M S Kumar, a director, liable to retire by rotation does not seek re-election, is therefore not re-appointed director of the company."

"Resolved further that the vacancy on the Board of Directors of the company so created, be not filled."

4. 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.

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

"Resolved that Messrs D Rangaswamy & Co., Chartered Accountants, be and are hereby appointed as the auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company".

"Resolved further that the power to determine the remuneration to the Auditors be and is hereby delegated to the Board of Directors".

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

"Resolved that pursuant to the Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association be and are hereby amended as follows:

- a) Replacement of the existing Article 98 (a) with the following:

"Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to Public Financial Institutions/Banks (hereinafter in this Article referred to as "the Corporation") out of any loans granted by them to the Company or so long as the Corporation continues to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remain outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time, or non-whole time, (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s."

- b) The second proviso to Article 98 (e) be deleted.

# Rane (Madras) Limited

## NOTICE TO SHAREHOLDERS (Contd.)

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

Resolved that pursuant to section 163 of the Companies Act, 1956 consent be and is hereby accorded to keep and maintain the Register of Members of the company at:

M/s. Integrated Enterprises (India) Limited,  
"Kences Towers", 1, Ramakrishna Street,  
T.Nagar, Chennai 600 017

who are the Registrars and Share Transfer Agents of the company, with effect from July 23, 2003.

Chennai  
May 21, 2003.

(By Order of the Board)  
For Rane (Madras) Limited  
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 Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of business under Resolution No. 3 to 6 are annexed.
3. The Register of Members of the Company will remain closed from **Wednesday, July 16, 2003, to Wednesday July 23, 2003** (both days inclusive).
4. Pursuant to the provisions of section 205A of the Companies Act, 1956 dividend for the financial year ended March 31, 1996 and thereafter which remains 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.

Information in respect of such unclaimed dividend when due to transfer to the said fund is given below:

Financial Year Ended	Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.1996	26.09.1996	25.09.2003	26.10.2003
31.03.1997	10.09.1997	09.09.2004	10.10.2004
31.03.1998	10.08.1998	09.08.2005	09.09.2005
31.03.2000	25.07.2000	24.07.2007	24.08.2007

5. Members holding shares in physical form are requested to notify any change in address to the following address.  
M/s. Integrated Enterprises (India) Limited,  
"Kences Towers", 1, Ramakrishna Street, T.Nagar, Chennai 600 017
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 necessary endorsements.
7. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

Chennai  
May 21, 2003.

(By Order of the Board)  
For Rane (Madras) Limited  
K Srivatsan  
Secretary

# Rane (Madras) Limited

Explanatory Note pursuant to sec. 173(2) of the Companies Act, 1956

## Resolution No. 3

Mr. M S Kumar retires by rotation as per Article 108 of the Articles of Association of the Company. He has informed the company his intention not to seek re-election at the ensuing Annual General Meeting. The board has decided not to fill-up the vacancy so created on the board of directors.

## Resolution No. 4

The Company's auditors M/s. D Rangaswamy & Co, Chartered Accountants, Chennai retire at the ensuing Annual General Meeting (AGM) and are eligible for re-appointment. The declaration under Section 224 (1 B) of the Companies Act, 1956 has been received from them. Since more than 25% of the share capital is held by a financial institution, the appointment of auditors requires the approval by the shareholders by way of a special resolution.

## Resolution No. 5

Article 98 of the Articles of Association of the company empowers the appointment of nominee directors by the two lending institutions namely Industrial Development Bank of India (IDBI) and Industrial Credit and Investment Corporation of India Ltd. (ICICI). After the merger of ICICI with ICICI Bank Limited, the name of the merged entity is changed as ICICI Bank Ltd. In order to provide for such changes in future it is proposed to amend the Articles of Association of the company by including a generic name viz. public financial institutions/banks. Also, a redundant provision in the Articles is sought to be deleted.

None of directors is concerned or interested in the resolution. The directors commend the resolution for adoption.

## Resolution No. 6

Securities and Exchange Board of India has vide its Circular No. D&CC/ FITTC/ CIR - 15/ 2002 dt. 27th December 2002 directed all listed companies to appoint common agency for physical as well as de-materialised share registry work. In order to comply with the said circular, the company has appointed M/s. Integrated Enterprises (India) Limited, who were already handling electronic share registry work, to also handle physical share registry work. Since the entire registry operations will have to be carried out by the Registrar and Transfer Agents, the register of Members and share transfer books will have to be kept and maintained by them at their premises. As per section 163 of the Companies Act, 1956 this will require approval from the shareholders at the general meeting.

None of the directors is interested in the resolution. Your Directors recommend the resolution for adoption.

## INFORMATION ABOUT DIRECTORS SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING IN RESPECT OF RESOLUTION NOS. 2 & 3 OF THE NOTICE

(In accordance with Clause 49 VI of the Listing Agreement)

Name of the director	<b>L Ganesh</b>
Father's Name	<b>L L Narayan</b>
Date of birth	<b>March 18, 1954</b>
Date of appointment	<b>June 26, 1986</b>

### Educational Qualifications

1. Associate Member of Institute of Chartered Accountants of India (ACA)
2. Master of Business Administration (MBA)

### Other Directorships

1. Kar Mobiles Ltd--Chairman
2. Rane Engine Valves Ltd.-Vice Chairman & MD
3. Rane Brake Linings Ltd.-Vice Chairman
4. Rane TRW Steering Systems Ltd.
5. EIH Associated Hotels Ltd.
6. TRW Rane Occupant Restraints Ltd.
7. Rane Nastech Ltd.
8. JMA Rane Marketing Ltd.
9. Rane Auto Components (Madras) Ltd.
10. Rane Investments Ltd,
11. Techcons Ltd.

### Committee Memberships

1. Rane Engine Valves Ltd.-Investors Grievance Committee
2. Rane (Madras) Ltd.- Audit Committee and Investors Grievance Committee \*
3. Rane Brake Linings Ltd. - Audit Committee and Investors Grievance Committee.\*
4. Rane Nastech Ltd- Audit Committee
5. Rane TRW Steering Systems Ltd.-Audit Committee
6. EIH Associated Hotels Ltd.- Audit Committee
7. Kar Mobiles Ltd.-Investor Service Committee and Audit Committee

\*Chairman of the Committee

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

Chennai  
May 21, 2003.

# Rane (Madras) Limited

**DIRECTORS**

<b>L.LAKSHMAN</b>	-	<b>Chairman &amp; Managing Director</b>
<b>L.GANESH</b>	-	<b>Vice Chairman</b>
<b>M.S.KUMAR</b>		
<b>D.K.PARIKH</b>		
<b>P.N.VENCATESAN</b>		
<b>KRISHNAN.S. WARAN</b>		
<b>V.NARAYANAN</b>		

**BANKERS**

**CANARA BANK**  
Chennai - 600 002

**AUDITORS**

**D. RANGASWAMY & CO.**  
Chartered Accountants,  
Chennai - 600 034

**REGISTERED OFFICE**

**" MAITHRI "**  
132, Cathedral Road, Chennai - 600 086  
Phone : 28112472  
Fax : 044-28112449  
E-mail : c.siva@rane.co.in

## Plant I

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

Phone : 044-22452344  
Fax : 044-22451435

## Plant II

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

Phone : 0821-2403035  
Fax : 0821-2402596

## Plant III

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

Phone : 0413-2640201  
Fax : 0413-2640203

## 67th Annual Report 2002-2003

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# Rane (Madras) Limited

## REPORT OF THE DIRECTORS

Your directors are pleased to present their sixtyseventh annual report together with the accounts for the year ended 31st March, 2003.

### A. FINANCIAL PERFORMANCE :

	<b>2002-03</b>	<b>2001-02</b>
	<b>Rs. in million</b>	<b>Rs. in million</b>
Sales and Operating revenues	<b>1,461.00</b>	1,376.15
Operating Loss for the year	<b>(74.09)</b>	(90.95)
Other income	<b>35.65</b>	36.39
Profit / (Loss) Before exceptional items	<b>(38.44)</b>	(54.56)
Exceptional Income	<b>62.15</b>	114.44
Exceptional Expenditure	<b>(36.29)</b>	(82.53)
Profit/(Loss) before tax	<b>(12.58)</b>	(22.65)
Provision for Taxation :		
Current	-	-
Deferred - Asset/ (Liability)	<b>13.59</b>	(5.38)
Profit/(loss) after tax	<b>1.01</b>	(28.03)
Prior year adjustment:		
Taxes paid	<b>(1.53)</b>	-
Deferred tax liability reversed	<b>31.57</b>	-
Amount available for appropriation	<b>31.05</b>	-
Amount transferred to General Reserve	-	(28.03)

As a result of various management initiatives, the Operating profitability for the year improved by nearly Rs. 16 million over that for the previous year.

Your directors declared an interim dividend at 13.5% on the Cumulative Preference Shares of Rs.80 million outstanding as on 31-03-2003. The aggregate amount paid on this account works out to Rs.10.80 million. This leaves an amount of Rs. 20.25 million out of the amount available for appropriation and the same is carried over as surplus in the Profit and Loss Account.

In view of the operating losses, your directors do not recommend any dividend on the equity shares.

The economy is showing definite signs of revival, particularly in the industrial sector. The automotive sector has been a significant contributor to this trend. However, despite overall growth of the automotive industry, demand for farm tractors declined sharply during the year under review. Given the preeminence

of your company as a supplier to the tractor industry, the overall business from the OE segment therefore continues to be below the company's capacity. With the farm sector yet to emerge from the oversupply situation and the drought of the last year, our expectations for the current year need to be moderated.

### B. SHARE CAPITAL

During the year, the Company redeemed 2 million 10.5% Cumulative Redeemable Preference Shares of Rs.10 each fully paid, which were redeemable at par on 13<sup>th</sup> February 2003.

### C. SUBSIDIARY

During the year your company divested 103,175 shares of Rane Investments Limited (RIL) in favour of Rane Brake Linings Limited (RBL). As a result RBL now hold 49% of the shares in RIL, with the balance 51% being held by your company.



# Rane (Madras) Limited

## REPORT OF THE DIRECTORS (Contd.)

RIL distributed an amount of Rs.31.68 million by way of interim dividends during the year. Given the encouraging prospects of the JV companies, 50% of whose shares are held by RIL, we are hopeful that RIL will maintain earnings.

A statement relating to subsidiary company viz. RIL and copy of accounts of RIL are attached pursuant to section 212 of the Companies Act, 1956. As required by Accounting Standard-21 (AS-21) on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements of the company and its subsidiary is attached.

### D. DEPOSITS

Deposits outstanding as on March 31, 2003 amounted to Rs. 46,646,000. All deposits that matured during the year were repaid/renewed except for a sum of Rs.28,000 for which claims were not lodged with the Company.

### E. DIRECTORATE

Mr. M.S. Kumar retires by rotation. He has expressed a desire to relinquish his position on the board. The board has decided not to fill-up the vacancy so created on the board of directors. The directors wish to place on record the outstanding contribution made by Mr.Kumar during his long association with your company.

Mr.L.Ganesh retires by rotation and being eligible, offers himself for re-election.

### F. CONSERVATION OF ENERGY

By sustaining high power factor, your company has reduced energy consumption and maximum demand charges. Recommendations arising out of an energy audit are being implemented to further bring down consumption of energy.

### G. RESEARCH AND DEVELOPMENT ACTIVITIES

The details are furnished in Annexure B

### H. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earned during 2002-03 is Rs. 7.06 million and foreign exchange outgo is Rs. 26.70 million.

### I. 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.

### J. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### K. CORPORATE GOVERNANCE

Detailed report on Management Discussion and Analysis and Corporate Governance are attached

For and on behalf of the Board

**L LAKSHMAN**

Chairman & Managing Director

**L GANESH**

Vice Chairman

Chennai

May 21, 2003



# 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, 2003.

### 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	3,006,332
Recurring	16,271,289
Total	19,277,621
Total R&D expenditure as a percentage of total turnover	1.34%

### 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  
May 21, 2003

**L GANESH**

Vice Chairman



## Rane (Madras) Limited

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

S.No.	Name	Age	Designation / Nature of Duties	Remuneration (Rs)	Qualification	Experience (Years)	Date of commencement of employment	Particulars of last employment
1	Hydari A	58	President	2,643,976	C Engg.M I Mfg.E(U.K) BE (Mech)	36	01.03.2000	ED & CEO Texmaco, Indonesia

**Notes :**

- 1.Remuneration as shown above includes salary, allowances, contribution to Provident and Pension funds and Perquisites.
- 2.The service of Mr.A.Hydari, President is on contractual basis.
- 3.Mr.A.Hydari is not related to any director.

For and on behalf of the Board.

**L LAKSHMAN**  
Chairman & Managing Director

**L GANESH**  
Vice Chairman

Chennai  
May 21, 2003