



Rane (Madras) Limited

8th ANNUAL REPORT 2012

Board of Directors

L GANESH - Chairman
L LAKSHMAN
P S KUMAR
V NARAYANAN
HARISH LAKSHMAN
M LAKSHMINARAYAN
T MUKHERJEE

Audit Committee

V NARAYANAN - Chairman
P S KUMAR
L LAKSHMAN
M LAKSHMINARAYAN

Investors' Service Committee

L LAKSHMAN - Chairman
HARISH LAKSHMAN
P S KUMAR

President

S PARTHASARATHY

Vice President - Finance

P KRISHNAMOORTHY

Secretary

K S KASTURIRANGAN

Auditors

PRICE WATERHOUSE & CO.,
Chartered Accountants
Chennai-600 006

Listing of shares with

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

Bankers

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

Registered Office

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

Plants

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

Registrar & Transfer Agents

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

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Eighth Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.30 a.m.** on **Wednesday, July 11, 2012**, 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, 2012 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, 2012, the Profit and Loss Account for the year ended March 31, 2012 together with the Reports of the Directors and the Auditors of the Company thereon, as presented to the meeting be and the same are hereby approved and adopted."

2. To declare dividend on equity shares

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

"Resolved that the interim dividend of Rs.5.50 per equity share declared by the Board of Directors of the Company on January 27, 2012 on 1,01,64,145 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.6,49,71,629/- (including dividend distribution tax and cess thereon), paid to the shareholders on February 11, 2012 for the year ended March 31, 2012, be and is hereby approved."

"Resolved further that final dividend of Rs.4/- per equity share of Rs.10/- each on 1,01,64,145 equity shares be and is hereby declared out of the profits of the Company for the year ended March 31, 2012, absorbing an amount of Rs. 4,72,52,094/- (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear in the Company's Register of Members as on July 11, 2012 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on July 6, 2012 as per the details furnished by the Depositories for this purpose."

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

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

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

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

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

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

SPECIAL BUSINESS :

5. To appoint auditors of the Company and to determine their remuneration.

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

Appointment of Auditors

"Resolved that, pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. Deloitte Haskins and Sells, Chartered Accountants (Registration No. 008072S with The Institute of Chartered Accountants of India), be and are hereby appointed as auditors of the Company in the place of M/s. Price Waterhouse & Co., Chartered Accountants, who have intimated to the Company that they are not seeking re-appointment 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.”

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

Appointment of Mr. S Parthasarathy as ‘Manager’

“Resolved that in accordance with the provisions of Sections 198, 269 and Section 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and such other approvals as may be required, Mr. S Parthasarathy, be and is hereby appointed as ‘Manager’ within the meaning of Section 2(24) of the Act, with effect from April 1, 2012, in the designation of President, for a period of three years from April 1, 2012 upto March 31, 2015 or such other shorter periods as may be decided by the Board of Directors of the Company, on the following terms:

a) Salary :

In the scale of Rs.2,20,000 to Rs.3,50,000 per month. Annual increase will be effective 1st of April every year from April 1, 2012 onwards and the quantum will be decided by the Board of Directors.

b) Benefits, Perquisites and Allowances :

Benefits, perquisites and allowances as may be determined by the Board of Directors from time to time in accordance with the applicable scheme of the Company, subject to a maximum of 150 % of the salary per annum.

The perquisites will be evaluated as per Income-tax Rules, wherever applicable, and at actual cost to the Company in other cases.

c) Contribution to funds :

Company’s contribution to Provident Fund and Superannuation Fund or other pension fund will be as per the scheme of the Company.

Company’s contribution to Provident Fund and Superannuation Fund or pension fund as above will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-tax Act.

d) Gratuity:

Gratuity payable shall be as per the rules of the Company.

e) Incentive Remuneration:

Incentive Remuneration of such sum be paid based on the merits to be determined by the Board, provided that the total remuneration shall not exceed the limits prescribed under the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time.”

“Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Manager, he will be paid remuneration in terms 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 as minimum remuneration.”

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

Approval of payment of commission to Mr. L Ganesh, Chairman

“Resolved that pursuant to the provisions of Section 309(4)(b) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be required, the payment and distribution by way of commission to Mr. L Ganesh, Chairman, not exceeding one percent (1%) of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act with effect from April 1, 2012 for a period of three years, be and is hereby approved.”

“Resolved further that subject to the limits as aforesaid, the payment and distribution of the commission to Mr. L Ganesh, Chairman be determined by the Board of Directors from time to time in such proportion and in such manner as the Board may determine.”

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

Chennai
May 22, 2012

K S Kasturirangan
Secretary

Rane (Madras) Limited

NOTES:

1. **Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as given in the notice is annexed.
3. The Register of Members of the Company will remain closed from **Saturday, July 7, 2012 to Wednesday, July 11, 2012** (both days inclusive).
4. Pursuant to the provisions of Section 205A of the Companies Act 1956, dividend for the financial year ended March 31, 2005 and thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. 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 2004-05 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 Registrars and Transfer Agents:
M/s. Integrated Enterprises (India) Limited
II Floor, "Kences Towers",
No.1, Ramakrishna Street,
North Usman Road, T.Nagar, Chennai 600 017.
Members holding shares in dematerialized form are requested to update the change in residential and e-mail address with their respective Depository Participants (DPs).
7. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.
8. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

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

Resolution No.5

M/s. Price Waterhouse & Co., Chartered Accountants, Chennai, the auditors of the Company, who holds office until the conclusion of the ensuing Annual General Meeting (AGM), have vide their letter dated May 15, 2012 expressed that they are not seeking re-appointment as auditors of the Company. It is therefore proposed to appoint M/s. Deloitte Haskins and Sells, Chartered Accountants as the auditors of the Company in their place.

M/s. Deloitte Haskins and Sells, Chartered Accountants, have confirmed their eligibility for their appointment and expressed their willingness to act as the auditors of the Company, if appointed by the members at the AGM.

A special notice under Section 225 of the Companies Act, 1956 has been received by the

Company, from a member, of the intention to move the resolution appointing M/s. Deloitte Haskins and Sells, Chartered Accountants, as the auditors.

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

Resolution No.6

Consequent to the resignation of Mr. Harish Lakshman as the 'Manager' under the Companies Act, 1956 with effect from March 31, 2012, your directors have, subject to the approval of shareholders, appointed Mr. S Parthasarathy, President of the Company, as 'Manager' for a period of three years from April 1, 2012 to March 31, 2015 on the terms of remuneration as detailed in the resolution.

As required under the Provisions of Schedule XIII to the Companies Act, 1956, the following information is provided.

I. General Information:

The Company is a subsidiary of Rane Holdings Limited. The Company is engaged in manufacture and sale of Steering and Suspension Linkage Products and Steering Gear Assemblies, which falls under auto component industry. The financial performance of the Company for the year ended March 31, 2012 is given below:

Particulars for 2011-12	Rs. Crores
Sales & Operating Revenues	669.29
Profit Before Tax	37.17
Provision for Tax	9.77
Profit After Tax	27.40
Exports (FOB Value) during the year	74.64
Net Foreign Exchange Earnings	48.93

II. Information about the appointee Mr. S Parthasarathy:

Name	Mr. S Parthasarathy	
Father's Name	Mr. V Srinivasan	
Date of Birth	October 17, 1958	
Date of Appointment	April 1, 2012	
Other Directorships	Rane Diecast Limited	
Committee Memberships	NIL	
Educational Qualifications	B.E., M.B.A. (AUBS)	
Experience	30 years experience	
Past Remuneration (for 2011-12)	Particulars	Rs. Cr.
	Salary	0.47
	Perquisites	0.05
	Contribution to Provident Fund, Pension Fund and Gratuity	0.08
	Commission	0.13
	Total	0.73
Recognition or Awards	-	
Job Profile and his suitability	Overall management of the Company. Given his qualification and experience Mr. S Parthasarathy is considered well suited for the position.	
Comparative remuneration profile with respect to the industry	The proposed remuneration package of the appointee is in line with the prevailing remuneration package in the industry, having regard to the size of the Company, profile of the position etc.,	
Remuneration Proposed	Detailed in the resolution. The remuneration proposed is commensurate with the responsibilities of the appointee and is in line with the remuneration practices in the auto component industry.	

Ministry of Corporate Affairs (MCA) vide their notification dated July 14, 2011 has liberalised the norms for payment of managerial remuneration and relaxed the requirement of seeking approval of Central Government for payment of remuneration exceeding the limits under Schedule XIII, in case there are no profits or profits are inadequate, if such managerial personnel is qualified and has expert / specialised knowledge in his profession and satisfies certain conditions.

Mr. S Parthasarathy satisfies the conditions laid down by MCA in the notification, viz, he possesses specialised qualifications in Engineering and Business Management and has over 30 years of experience. He does not hold and has not held any share in the share capital of the Company or the holding company viz., Rane Holdings Limited and is not having or has not held any interest, direct or indirect, in the Company or the holding company.

Mr. S Parthasarathy does not have any other pecuniary relationship with the Company. He is not related to any director or promoters of the Company or the holding company.

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

Your directors commend the resolution for adoption.

Rane (Madras) Limited

Resolution No.7

At the Annual General Meeting of the Company held on July 19, 2010, the shareholders had approved payment of commission to Mr. L Ganesh, Chairman, to the extent of 1% of the net profits of the Company for a period of 3 years with effect from April 1, 2009 to March 31, 2012.

Mr. L Ganesh is a Chartered Accountant and also holds an MBA from the Pennsylvania State University, USA. He has over 33 years of industrial experience in overall management of the companies. He has held several positions of high responsibilities with various industry forums and had been the President of Automotive Components Manufacturers Association of India and Madras Management Association and Chairman of the Confederation of Indian Industry, Southern Region. Presently, he is Honorary Consul for New Zealand in South India.

Currently he is the Chairman and Managing Director of Rane Engine Valve Limited and Executive Vice-Chairman of Rane Holdings Limited.

Mr. L Ganesh is the Chairman of the Company since October 2006 and devotes substantial time and attention towards formulating new strategies to improve the performance and develop the business

of the Company. The cost reduction and profit improvement measures formulated by him have benefited the Company. He has played a key role in establishing strong footprint in global markets and winning the coveted Deming award.

Therefore, it is proposed to continue the payment of commission to Mr. L Ganesh on the same scale i.e., upto 1% of the net profits, per annum, for a period of three years with effect from April 1, 2012 to March 31, 2015, as may be determined by the Board from time to time, within these limits. Mr. L Ganesh does not draw any other remuneration from the Company.

Mr. L Ganesh is concerned or interested in the resolution. Mr. L Lakshman being relative of Mr. L Ganesh, is deemed to be interested in the resolution.

None of the other directors are interested in the resolution.

Your directors commend the resolution for adoption.

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

Chennai
May 22, 2012

K S Kasturirangan
Secretary

Information about director seeking re-appointment in this Annual General Meeting in respect of item Nos. 3 & 4 above (in accordance with Clause 49 (IV) of the Listing Agreement)

	Item No.3	Item No.4
Name of the director	Mr. M Lakshminarayan	Mr. T Mukherjee
Father's Name	Mr. Venkatram Muthuswamy	Dr. Dinesh Chandra Mukherjee
Date of birth	September 7, 1946	October 13, 1942
Educational Qualifications	M. Tech	FNAE, FR Eng. D.Met (Sheffield)
Experience	Over 38 years of experience in the field of Science and Technology.	Over 43 years of experience in his profession.
Date of appointment	July 21, 2008	January 18, 2010
Other Directorships	1. Kirloskar Engines India Limited 2. Carborandum Universal Limited 3. Wabco India Limited <u>Managing Director</u> 4. Harman International (India) Private Limited	1. TIL Limited 2. NICCO Corporation Limited 3. West Bengal Industrial Development Corporation Limited 4. Bharat Forge Limited 5. Tata Advanced Materials Limited 6. IFB Industries Limited 7. Tractors India Private Limited
Committee Memberships	Member – Audit 1. Carborandum Universal Limited 2. Rane (Madras) Limited	Member – Audit TIL Limited Chairman - Remuneration Tractors India Private Limited Member – Remuneration TIL Limited Member – Technology NICCO Corporation Limited
Number of shares held	Nil	Nil

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

Chennai
May 22, 2012

K S Kasturirangan
Secretary

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their eighth Annual Report together with the accounts for the year ended March 31, 2012.

1. Financial Performance

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

(Rs. Crores)

Particulars	2011-12	2010-11
Sales and Operating Revenues	669.29	583.98
Other Income	3.82	1.48
Profit Before Tax	37.17	30.83
Provision for tax :		
Current	7.65	7.44
Deferred	2.12	(1.18)
Profit After Tax	27.40	24.57
Surplus brought forward	27.49	13.65
Amount available for appropriation	54.89	38.22

During the year, the Sales and Operating Revenues grew by 14.60% over the previous year. The Profit Before Tax improved by 20.56% over the previous year. Earnings per share for the year 2011-12 was higher at Rs.26.95 as against Rs.24.18 in the previous year.

2. Appropriation

Profit available for appropriation is Rs.54.89 crores. The directors have declared and paid an interim dividend of 55% on the equity capital of the Company for the year ended March 31, 2012 and have recommended a further 40% as final dividend, making for a total dividend of 95% for the year. The amount on this account inclusive of tax on distributed profits and surcharge thereon, works out to Rs.11.22 crores leaving the company with retained profits of Rs.43.67 crores. Out of this, Rs. 2.74 crores is being transferred to the General Reserve and Rs.40.93 crores being retained as Surplus in the Profit and Loss Account.

3. Management Discussion & Analysis

Your company is engaged in the manufacturing and marketing of auto components for transportation industry. A detailed analysis of the automotive industry, your Company's performance etc. are discussed in the report on 'Management Discussion and Analysis' which forms part of this report and annexed as Annexure 'A'.

4. Fixed Deposits

The deposits outstanding as on March 31, 2012 amounted to Rs.10.77 crores. All deposits that matured during the year were repaid / renewed except for a sum of Rs.0.02 crores for which claims have not been lodged with your Company.

5. Board of Directors

Mr. M Lakshminarayan and Mr. T Mukherjee retire by rotation and being eligible, offer themselves for re-appointment. The notice convening the ensuing Annual General Meeting includes the proposal for their re-appointment as directors.

6. Conservation of energy

Your Company has been taking several initiatives to conserve energy. As an on-going process, energy audits have been conducted across the various Plants. Significant efforts continue in elimination of wasteful consumption of energy. Apart from this, a process of defining energy efficient machines has been initiated and progressively all machines are being converted to energy efficient machines, by optimizing the machine usage. Arising out of the above efforts, unit consumption of power for producing the products are coming down year by year.

7. Research & Development Activities

The details of disclosure of particulars with respect to Research & Development, technology absorption, adaptation and innovation, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in Form B are furnished in Annexure 'B'.

8. Foreign Exchange earnings and outgo

The foreign exchange earned during 2011-12 was Rs.74.64 crores against foreign exchange outgo of Rs.25.71 crores. Your Company continued to remain a substantial net foreign exchange earner with the foreign exchange earned being 2.9 times higher than the outgo.

9. Foreign Currency Loans

Statutory Auditor's observation on accounting treatment in respect of External Commercial Borrowings (ECB) and associated swap contracts.

The auditors' have in their report drawn attention to the accounting treatment in respect of ECB and associated swap contracts. This subject matter has been fully explained in Note 2 in the financial statements. Your directors are of the view that the

REPORT OF THE DIRECTORS (cond.)

accounting treatment in this respect during the year and in the earlier years as well is in accordance with the substance of the transaction and as required by Accounting Standard -1 issued by The Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006.

This accounting treatment has been consistently followed in the audited accounts in all the earlier years when the arrangements were entered into. There has been no change to the notified standards during the year which results in the treatment consistently followed by the Company being non compliant with the accounting standards or to be reviewed by the Company.

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 'C'.

11. Auditors

M/s. Price Waterhouse & Co., (PWC) Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and have expressed that they are not seeking re-appointment. Your directors wish to place on record their appreciation for the services rendered by PWC during their association with the Company as Statutory Auditors since 2005.

Special notice has been received from a member signifying the intention to propose the appointment of M/s. Deloitte Haskins & Sells (DHS), Chartered Accountants as Statutory Auditors in the place of the retiring auditors. 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 ICAI.

The notice of the ensuing Annual General Meeting contains necessary resolution in this regard. Your directors recommend the appointment of DHS as Statutory Auditors.

12. 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.

13. Corporate Social Responsibility

The vision on Corporate Social Responsibility (CSR) is, **"To be 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.

The specific CSR initiatives taken by your Company are as follows:

- Contributed funds towards establishment of Polytechnic College at Trichy by Rane Foundation by way of donation and interest free loans.
- Contributed to Community Development programs for elderly citizens and orphanages.
- Organized Health & Education camps for school children.
- Organized environmental improvement activities by planting trees at Mysore.

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 'D'.

For and on behalf of the Board

L GANESH
Chairman

Chennai
May 22, 2012

HARISH LAKSHMAN
Director

Annexure A to Report of the Directors

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company is engaged in the business of manufacture and marketing of Steering & Suspension Linkage Products and Steering Gear Products to passenger cars, commercial vehicles, farm tractors and as such operates in a single reportable segment viz., components for transportation industry.

Industry Structure, Developments and Performance

Domestic automobile market had a mixed year in 2011-12 with only select vehicles reaching the expected industry growth estimates. Though the Passenger Car and Medium & Heavy Commercial Vehicles (M&HCV) showed a sluggish growth during the year due to continuous increase in the interest rates, this was made up by the growth in other categories like Small Commercial Vehicles, Light Commercial Vehicles and Farm Tractors. Overall, the market grew by 14%.

Industry Growth

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

	Volume Growth in %	
	2011-12	2010-11
Vehicles		
Passenger Cars	2	27
Utility Vehicles	17	17
Small Commercial Vehicles	27	36
Light Commercial Vehicles	28	22
Medium & Heavy Commercial Vehicles	11	38
Farm Tractors	12	22

Source: Society of Indian Automobile Manufacturers

Domestic Market

In the domestic market, the Company registered net sales of Rs. 576 crores compared to Rs. 482 crores in the previous year, representing an overall growth of 19%.

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

Rs. in crores

Products	2011-12	2010-11	Growth in %
Steering & Suspension Linkage Products	324	268	21
Steering Gear Products	252	214	17
Total	576	482	19

Your Company has met the continuing demand for Steering & Suspension Linkage Products and Steering Gear Products from OEM and aftermarket. Special focus was given to meet the demand from the OEM tractor manufacturers. New products contributed major share of the revenues from OEM sales.

The Company implemented a region-wise growth strategy to increase the sales from the aftermarket and also diversified the aftermarket product portfolio to increase market share.

Rs. in crores

Market	2011-12	2010-11	Growth in %
OEM	475.02	409.07	16
Aftermarket	101.20	72.97	39

Exports

The Company earned Rs. 81 crores through exports, a decline of 12% from the previous year. The decline in export sales is due to changes in customer programs and drop in sales of Steering and Suspension Linkage Products in North America. The new customer programs initiated during the year 2011-12, will be realised at full volumes in the forthcoming years. In addition, opportunities from Steering Gear Products are explored to augment the export sales.

The United States Dollar, the currency in which the Company exports, remained strong against the Rupee. The impact of exchange rate volatility and weak rupee was minimized with robust forex policy adopted by the Company.