



# **Rane (Madras) Limited**

**9<sup>th</sup> ANNUAL REPORT 2013**

**Board of Directors**

L GANESH - Chairman  
L LAKSHMAN  
P S KUMAR  
HARISH LAKSHMAN  
M LAKSHMINARAYAN  
T MUKHERJEE  
ANITA RAMACHANDRAN

**Audit Committee**

M LAKSHMINARAYAN - Chairman  
P S KUMAR  
L LAKSHMAN  
T MUKHERJEE

**Investors' Service Committee**

L LAKSHMAN - Chairman  
HARISH LAKSHMAN  
P S KUMAR

**President**

S PARTHASARATHY

**Vice President - Finance**

P KRISHNAMOORTHY

**Secretary**

S SUBHA SHREE

**Auditors**

DELOITTE HASKINS & SELLS  
Chartered Accountants  
ASV Towers, 7th Floor, Old No.37, New No.52  
Venkatanarayana Road, T. Nagar, Chennai-600 017.

**Cost Auditors**

JAYARAM & ASSOCIATES  
10 (Old No.8), Rajan Street, T. Nagar, Chennai-600 017.

**Listing of shares with**

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

**Bankers**

Canara Bank, Chennai-600 002.  
DBS Bank Limited, 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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# Rane (Madras) Limited

## FINANCIAL HIGHLIGHTS

### KEY PERFORMANCE INDICATORS

FINANCIAL YEAR	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Return on Capital Employed (ROCE)	17.87%	24.72%	25.12%	18.85%	7.07%	2.40%	21.86%	21.76%	12.80%
Return on Equity (ROE) (%)	19.11%	25.65%	27.14%	17.99%	0.50%	61.82%	32.94%	24.14%	12.48%
Earnings per share (Rs.)	23.04	26.95	24.18	13.59	0.36	35.86	13.08	8.02	5.40
Dividend (%)	70.00%	95.00%	70.00%	45.00%	0.00%	60.00%	40.00%	30.00%	10.00%
Book value per share (Rs.)	127.97	113.20	96.99	81.12	69.94	72.11	44.37	36.96	33.47

### OPERATIONAL PERFORMANCE

Rs. Crores

FINANCIAL YEAR	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Total Income	641.36	673.11	585.46	420.68	353.16	350.82	332.98	280.51	198.65
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	56.35	60.43	44.42	33.18	18.55	11.55	28.94	26.30	16.41
Profit Before Tax (PBT)	30.06	37.17	30.83	20.04	1.2	46.74	18.39	15.78	8.26
Profit After Tax (PAT)	23.42	27.40	24.57	13.81	0.36	36.60	13.62	8.64	4.23

### BALANCE SHEET SUMMARY \*\*

Rs. Crores

Year ended 31st March	2012-13	2011-12	2010-11
Equity Share Capital	10.16	10.16	10.16
Shareholders' Funds	130.07	115.06	98.58
Non current Liabilities	40.79	50.19	47.61
Current Liabilities	190.23	175.78	131.65
Non Current Assets	179.09	165.52	124.41
Current Assets	182.00	175.51	153.43

\*\* Pertains to revised Schedule VI applicable years only

## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the **Ninth Annual General Meeting** of the Equity Shareholders of the Company will be held at **10.15 a.m.** on **Thursday, July 18, 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 Director's Report, the audited accounts of the Company for the year ended March 31, 2013 and the Auditor's 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 Rs.2/- per equity share declared by the Board of Directors of the Company on January 23, 2013 on 1,01,64,145 equity shares of Rs.10/- each fully paid, absorbing a sum of Rs.2,36,26,047 (including dividend distribution tax and cess thereon), paid to the shareholders on February 7, 2013 for the year ended March 31, 2013, be and is hereby approved."

"Resolved further that final dividend of Rs.5/- 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, 2013, absorbing an amount of Rs. 5,94,57,707 (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 18, 2013** and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on **July 12, 2013** as per the details furnished by the Depositories for this purpose."

3. To appoint a director in the place of Mr. L Lakshman, 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. L Lakshman, 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. Harish Lakshman 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. Harish Lakshman who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

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 M/s. Deloitte Haskins and Sells, Chartered Accountants (Registration No. 008072S with The Institute of Chartered Accountants of India), be and are hereby reappointed 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 :

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

### Appointment of Mrs. Anita Ramachandran as Director

"Resolved that Mrs. Anita Ramachandran, 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."

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

Chennai  
May 22, 2013

S Subha Shree  
**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, July 13, 2013 to Thursday, July 18, 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](mailto: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.6**

The Board of Directors of your Company co-opted Mrs. Anita Ramachandran on October 15, 2012 as additional director. Mrs. Anita Ramachandran, holds an MBA (Finance) from the Jamnalal Bajaj Institute, Mumbai and a well-known Human Resource (HR) expert in the country. She has over 30 years of experience as a management consultant.

Mrs. Anita began her career in the Management Consultancy division of AF Ferguson & Co. in Mumbai in 1976 and worked for 19 years in various areas of Management Consulting. She has made significant contributions in a wide range of areas from finance, industrial market research and strategy before focusing on building the HR consulting practice. She founded Cerebrus Consultants in 1995 to focus on HR consulting including Organisation transformation and her reputation and innovative work has helped her build Cerebrus into an organisation with national presence. She has worked with over 450 companies in South Asia in the last seventeen years.

Information about Mrs. Anita Ramachandran, in accordance with clause 49 IV of the Listing Agreement is attached.

The term of Mrs. Anita Ramachandran, as per Section 260 of the Companies Act, 1956 is only up to the 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 a member signifying the intention to propose her candidature for the office of director of the Company.

Mrs. Anita Ramachandran is deemed to be interested in the resolution. No other director is concerned or interested in the resolution.

Your directors commend the resolution for adoption.

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

Chennai  
May 22, 2013

S Subha Shree  
**Secretary**

# Rane (Madras) Limited

Information about director seeking re-appointment / appointment in this annual general meeting in respect of item Nos. 3, 4 & 6 above (in accordance with clause 49 IV of the Listing Agreement)

	Item No.3	Item No.4	Item No.6
<b>Name of the director</b>	Mr. L. Lakshman	Mr. Harish Lakshman	Mrs. Anita Ramachandran
<b>Father's Name</b>	Mr. L. L. Narayan	Mr. L. Lakshman	Mr. Ediyathumangalam Narayanan Ramadoss
<b>Date of birth</b>	July 17, 1946	February 12, 1974	April 28, 1955
<b>Educational Qualifications</b>	B.E., Executive MBA from London Business School	B.E., MSM	MBA (Finance) Jamanlal Bajaj Institute, Mumbai
<b>Date of appointment</b>	March 31, 2004	March 31, 2004	October 15, 2012
<b>Experience</b>	Mr. Lakshman has been spear-heading the business of different companies in Rane Group and has more than 42 years of industrial experience.	Mr. Harish Lakshman has 14 years of experience in his profession and currently he is Managing Director of Rane TRW Steering Systems Ltd.	Mrs. Anita has over 30 years of experience as a management consultant
<b>Other Directorships</b>	<b>Public Limited Companies</b>  <b>Executive Chairman</b> Rane Holdings Limited  <b>Director</b> Rane Engine Valve Limited Kar Mobiles Limited Rane NSK Steering Systems Ltd. Rane TRW Steering Systems Ltd. Rane Brake Lining Limited JMA Rane Marketing Limited Force Motors Limited DCM Engineering Limited Automotive Stampings and Assemblies Limited Tata AutoComp Systems Limited SRF Limited	<b>Public Limited Companies</b>  <b>Managing Director</b> Rane TRW Steering Systems Ltd.  <b>Vice Chairman</b> Rane Engine Valve Limited  <b>Director</b> Rane Brake Lining Limited Rane Holdings Limited Rane NSK Steering Systems Ltd. Rane Diecast Limited JMA Rane Marketing Limited SasMos HET Technologies Ltd.  <b>Foreign Company</b> Rane Holdings America Inc.  <b>Private Limited Companies</b> Savithur Enterprises P Ltd. Broadvision Perspectives India P Ltd. Broadvision Services P Ltd. HL Hill Station Properties P Ltd.	<b>Public Limited Companies</b>  HCL Infosystems Ltd. Geometric Ltd. Godrej & Boyce Mfg. Co. Ltd. Force Motors Ltd.  <b>Private Limited Companies</b> Cerebrus Consultants P Ltd. Swadhaar FinServe P Ltd.
<b>Committee Memberships</b>	<b>Chairman - Audit</b> Rane TRW Steering Systems Ltd Rane NSK Steering Systems Ltd.  <b>Member - Audit</b> Rane (Madras) Limited Rane Engine Valve Limited Kar Mobiles Limited Automotive Stampings and Assemblies Limited Tata AutoComp Systems Ltd. DCM Engineering Limited  <b>Chairman - Investors' Service</b> Rane (Madras) Limited	<b>Member - Audit</b> Rane Diecast Limited  <b>Chairman-Investor's Service</b> Rane Brake Lining Limited Rane Holdings Limited  <b>Member-Investor's Service</b> Rane (Madras) Limited	<b>Member - Audit</b> Geometric Ltd . Godrej & Boyce Mfg. Co. Ltd. Swadhaar FinServe P Ltd. HCL Infosystems Ltd.  <b>Chairperson - Employees Compensation</b> Swadhaar FinServe P Ltd.  <b>Chairperson- Employees Compensation &amp; Satisfaction</b> HCL Infosystems Ltd.
<b>Number of shares held</b>	Nil	750	Nil

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

Chennai  
May 22, 2013

S Subha Shree  
**Secretary**

**REPORT OF THE DIRECTORS**

Your Directors have pleasure in presenting their ninth Annual Report together with the accounts for the year ended March 31, 2013.

**1. Financial Performance**

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

(Rs. crores)

Particulars	2012-13	2011-12
Sales and Operating Revenues	<b>639.87</b>	670.75
Other Income	<b>1.49</b>	2.36
Profit Before Tax	<b>30.06</b>	37.17
Provision for tax :		
Current	<b>6.05</b>	7.65
Deferred	<b>1.27</b>	2.12
MAT Credit availed	<b>(0.68)</b>	-
Profit After Tax	<b>23.42</b>	27.40
Surplus brought forward	<b>40.93</b>	27.49
Amount available for appropriation	<b>64.35</b>	54.89

The drop in market demand resulted in reduced sales and operating revenues at Rs.639.87 crores compared to Rs.670.75 crores in the previous year, representing negative growth of 4.60%. This coupled with escalation in certain committed costs has adversely affected the Profit Before Tax (PBT) at Rs.30.06 crores as against previous year of Rs.37.17 crores. The earnings per share for the year 2012-13 was lower at Rs.23.04 as against Rs.26.95 during the year 2011-12.

**2. Appropriation**

Out of the profit available for appropriation of Rs. 64.35 crores, the directors have declared and paid an interim dividend of 20% on the equity capital of the Company for the year ended March 31, 2013. Further, the directors have recommended a final dividend of 50%, making total dividend as 70% for the year. The total dividend amount inclusive of distribution tax and surcharge thereon would be Rs. 8.30 crores. After transfer of Rs. 2.35 crores to the General Reserve, Rs.53.70 crores has been retained as surplus in the Profit and Loss Account.

**3. Management Discussion & Analysis**

Your Company is engaged in the manufacturing and marketing of components for transportation industry. A detailed analysis on the performance of the industry and the Company are enumerated in the Management Discussion and Analysis report forming part of this report and annexed as Annexure 'A'.

**4. Fixed Deposits**

The outstanding fixed deposit amount as at the year ended March 31, 2013 was Rs.6.11 crores. The deposits that matured during the year were repaid / renewed excepting a sum of Rs.0.02 Crores for which claims are yet to be lodged with the Company.

**5. Board of Directors**

At the ensuing Annual General Meeting (AGM), Mr. L Lakshman and Mr. Harish Lakshman retire by rotation and being eligible, offer themselves for re-appointment. The notice convening the AGM includes the proposal for their re-appointment as directors.

Mrs. Anita Ramachandran 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 from a shareholder signifying the intention to propose the appointment of Mrs. Anita Ramachandran as director of the Company, at the AGM.

During the year, Mr. V Narayanan, 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 Mr. V Narayanan during the tenure of office with the Company.

**6. Conservation of energy**

In the light of shortage of power in the states where the Company's plants are located, the initiatives to conserve energy has become very important. The Company has enhanced its efforts to identify more energy efficient machines optimizing the power usage. Energy audits and efforts in reducing wasteful consumption of energy have been enhanced giving the company considerable benefit in the unit consumption of power for the products manufactured.



## REPORT OF THE DIRECTORS (cond.)

### 7. Research and 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 earnings during 2012-13 was Rs.95.02 crores against foreign exchange expenditure of Rs.3.52 crores. The Company continued to remain a substantial net foreign exchange earner with the foreign exchange earnings being 26 times higher than the expenditure.

### 9. 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'.

### 10. Auditors

#### Statutory 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.

#### Cost Auditors

In terms of the Companies (Cost Accounting Records) Rules, 2011, the Cost Compliance Report for the financial year 2011-12 was filed with The Ministry of Corporate Affairs (MCA) on February 18, 2013 which is well within the extended due date of February 28, 2013.

Pursuant to the Cost Audit Orders issued by the MCA under Section 233B of the Companies Act, 1956, the Board has appointed M/s. Jayaram & Associates, Cost Accountants, Chennai to carry out the cost audit of the Company for the financial year 2012-13. The Company would be filing the Cost Audit Report for the financial year ended March 31, 2013 before the due date viz. September 30, 2013 or such other date extended by the MCA.

The Company has received a letter from M/s. Jayaram & Associates, to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Based on the recommendation of the Audit Committee, the Board has re-appointed M/s. Jayaram & Associates, as cost auditors for the financial year 2013-14.

### 11. Director's Responsibility Statement

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

## REPORT OF THE DIRECTORS (cond.)

### 12. Corporate Social Responsibility

The vision 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 were 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 by sponsoring for their food, medical and other expenses.

- Organized Health & Education camps including Blood Donation camps, Polio Camps and Mid-Day meals for school children.
- Organized environmental improvement activities by undertaking renovation of temples, public toilets and planting of trees.

### 13. 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, 2013

**HARISH LAKSHMAN**  
Director