



KAR MOBILES LIMITED

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65th Annual Report 2001 - 2002

KAR MOBILES LIMITED

*Regd. Office: Sri Chitrapur Commercial Complex, IV Floor, E,
No.68, 15th Cross, 8th Main, Malleswaram, Bangalore - 560055*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 65th Annual General Meeting of the Shareholders of the company will be held at 10.00 a.m. on Friday the 19th July, 2002 at Rotary House of Friendship, No.20, Lavelle Road, Bangalore 560 001, to transact the following business.

1. To receive, consider and adopt the Balance Sheet as at 31.03.2002 and the Profit & Loss Account for the year ended 31.03.2002, Report of Auditors thereon and the Report of Directors.

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

"Resolved that the profit & loss account for the year ended 31.03.2002 and the balance sheet as at 31.03.2002 together with the report of directors and the auditors be and are hereby 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 a dividend at 30% on the equity shares be declared for the year ended 31.03.2002 and that the dividend be paid to those shareholders, whose names appear on the Company's Register of Members as on 01.07.2002".

- 3 (a) To appoint a Director in place of Mr. K P Balasubramaniam, who retires by rotation under Article 116 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. K P Balasubramaniam, be and is hereby reappointed director of the Company".

- (b) To appoint a Director in place of Mr. A S Lakshmanan, who retires by rotation under Article 116 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. A S Lakshmanan, be and is hereby reappointed director of the Company".

4. To appoint Auditors of the Company and to determine their remuneration. The retiring auditors viz. M/s Varma & Varma, 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 an ordinary resolution:

"Resolved that M/s. Varma & Varma, 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 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. Special Business:

- a) To Consider & if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"Resolved that in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval for the re-appointment of Mr. V. Ramachandran, as Vice-Chairman & Managing Director of the Company with effect from April 1, 2002, for a period of three years, viz., from April 1, 2002 to March 31, 2005, on the following terms, as specified in the resolution passed by the Board of Directors on 22nd March, 2002".

- a) **Salary:** Rs.68,000 per month in the scale of Rs.68,000 - 4,000 - 76,000
- b) **Special allowance:** Rs.18,650 per month. The special allowance shall not rank for Provident Fund, Gratuity and Pension.
- c) **Commission:** 1% of the net profits of the Company or such other higher percentage of the net profits of the Company, as may be approved by the Board (including a Committee thereof), for each financial year,

KAR MOBILES LIMITED

computed in accordance with Sections 198, 309 and 349 of the Companies Act, 1956, provided that the total remuneration of the Managing Director in any financial year shall not exceed the limits prescribed under the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time.

d) Perquisites:

1. Housing

- i. Unfurnished residential accommodation will be provided by the Company.
- ii. a) the expenditure incurred by the Company on gas, electricity and water, will be evaluated as per Income-tax Rules, 1962.
- b) perquisites in the form of furniture, furnishings and other utilities in accordance with the rules of the Company, the value of which will be evaluated as per Income-tax Rules, 1962.
- iii. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance equal to 60% of the salary.

2. Reimbursement of medical expenses actually incurred for self and family in accordance with the rules of the Company.

3. Medical insurance for self and family as per the scheme of the Company.

4. Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.

5. **Earned/Privilege Leave:** On full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service, with right to accumulate / encash leave as per the rules of the Company.

6. Fees of clubs, subject to a maximum of two clubs excluding admission and life membership fee.

7. Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000.

8. **Provident Fund:** Company's contribution to Provident Fund shall be as per the scheme of the Company.

9. **Pension / Superannuation Fund:** Company's contribution to Pension/ Superannuation fund shall be in accordance with the scheme of the Company.

10. **Gratuity:** As per the rules of the Company, not exceeding half a month's salary for each completed year of service.

11. Free use of telephone at his residence.

12. Free use of car with driver on Company's business.

"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 Managing Director, he will be paid remuneration not exceeding the limits specified in Paragraph 1(B) of Section II 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".

b) To Consider & if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"Resolved that the consent of the Company be and is hereby given for payment of Commission to Mr. L Ganesh, Chairman of the Company, at 1% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956 subject to a ceiling of Rs.300,000/- (Rupees Three Lakhs only) per annum for a period of 3 years, with effect from 1-4-2002 for providing services to the Company comprising of evolving long term strategies and plans, investment decisions and formulating management policies".

By order of the Board
for KAR MOBILES LIMITED

Bangalore
27th May, 2002

B Parasuram
Company Secretary

KAR MOBILES LIMITED**NOTES:**

1. Any member entitled to attend and vote at the meeting may appoint a proxy to attend the vote instead of himself. Such proxy need not be a member of the company. Duly completed proxies should however be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of Members of the company will remain closed from 02.07.2002 to 08.07.2002 (both days inclusive).
3. The dividend when declared at the Annual General Meeting will be paid to those members whose names appear on the Register of Members on 01.07.2002 or to their mandatees, subject to deduction of tax at source. Shareholders who would receive dividend amount in excess of Rs.1000/- and are eligible to file declaration in Form 15G for claiming exemption from deduction of Income Tax at source are advised to file the Form (in duplicate) on or before 08.07.2002.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 and thereafter which remains unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund 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.
5. Members are requested to notify immediately any change in their address.
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/bodies corporate/proxies should bring the attendance slip duly filled in for attending the meeting.
8. Members are requested to bring their copies of Annual Report to the meeting.
9. 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.

10. To avail the facility of nomination, members are requested to submit to the company the nomination form, which may be supplied on request.

By order of the Board
for KAR MOBILES LIMITED

Bangalore
27th May, 2002

B Parasuram
Company Secretary

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

Resolution at Item 5(a)

At the Annual General Meeting of the Company held on 30.07.1999, Mr. V.Ramachandran was re-appointed as Managing Director of the Company for a period of 3 years with effect from 01.04.1999 and the term of the appointment expired on 31.03.2002.

Your directors at their meeting held on 22.03.2002, approved the reappointment of Mr. V.Ramachandran as Managing Director for a period of 3 years with effect from 01.04.2002 on the remuneration approved by the Remuneration Committee which is 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 engaged in manufacture and sale of Valves for I/C Engines which falls under auto component industry. The Company is in existence for more than 60 years. The financial performance of the company for the year ended March 31, 2002 is given below:

	Rs. in Million
Sales & Operating Revenues	469.76
Profit Before Tax	13.11
Provision for Tax	3.07
Profit after Tax	10.04

Exports (FOB Value) during the year : 183.35
Net foreign exchange earnings : 129.60

There is no foreign holding of shares in the Company. The Company has a technical collaboration with TRW Inc., USA.

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II. Information about the appointee Mr. V Ramachandran:

Background Details	B.E., with around 30 years experience.	
Past Remuneration (for 2001-02)	<div>Salary</div> <div>Contribution to Provident & Other funds</div> <div>Perquisites</div> <div>Total</div>	<div>Rs.</div> <div>768,000</div> <div>234,368</div> <div>572,494</div> <div><u>1,574,862</u></div>
Recognition or Awards	—	
Job profile and his suitability	Overall management of the Company. Given his qualification and experience, Mr. V Ramachandran is considered well suited for the position.	
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.	

Mr. V. Ramachandran does not have any pecuniary relationship with the company. He is related to Mr. V. Srikanth, non-executive director.

III. OTHER INFORMATION:

Reasons of inadequate profits: Continued depression in demand in the auto component industry both in India and abroad, coupled with severe pressure on margins resulted in your company not being able to earn sufficient profits.

Steps taken or proposed to be taken for improvement & Expected increase in productivity and profits in measurable terms:

Steps initiated by the Company to improve profitability include:

1. Increasing Exports
2. Cost Management
3. Productivity Improvements.

Yours directors recommend the resolution for your approval. Apart from Mr. V Ramachandran and Mr. V Srikanth, who is related to Mr. V. Ramachandran, no other director is concerned or interested in the resolution.

Resolution at item 5 (b)

Mr. L. Ganesh as Chairman of the Board of Directors, has been rendering services to the Company which comprise advice and guidance on operations. He has been actively involved in evolving long-term strategies and plans, investment decisions and formulating management policies. The shareholders at the Annual General Meeting held on 20.07.2000, vide their special resolution approved the payment of Commission at 1% of the net profits of the Company, not exceeding Rs.300,000/- per annum, which was valid upto the year ended 31.03.2002. Although the Company obtained the approval of the Central Government for the payment of the said commission, Mr. L. Ganesh was not paid any commission on account of insufficiency of profits during the period covered by the special resolution.

Taking into account the need for such services of Mr. L. Ganesh, your Board, subject to the approval of the shareholders, approved the payment of commission to Mr. L. Ganesh as detailed in the resolution.

Yours directors recommend the resolution for your approval.

Apart from Mr. L. Ganesh and Mr. L. Lakshman, who is related to Mr. L. Ganesh, no other director is concerned or interested in the resolution.

By order of the Board
for KAR MOBILES LIMITED

Bangalore
27th May, 2002

B Parasuram
Company Secretary

FORM No. 15G

[see rule 29c(2)]

**Declaration under section 197A(1) of the Income-tax Act, 1961,
to be made by an individual claiming receipt of dividend without deduction of tax**

I _____, son/daughter/wife of _____ resident of _____ do
hereby declare –

- that I am a shareholder in KAR MOBILES LIMITED, Regd. Off.: Sri Chitrapur Commercial Complex, 4th Floor - E, No.68, 15th Cross, 8th Main, Malleswaram, Bangalore - 560055;
- that the shares in the said company, particulars of which are given below, stand in my name and are beneficially owned by me, and the dividends therefrom are not includable in the total income of any other person under sections 60 to 64 of the Income-tax Act, 1961;

No. of Shares	Class of shares and face value of each share	Total face value of shares	Distinctive numbers of the shares	Date(s) on which the shares were acquired by the declarant
	Equity Shares of Rs.10/- each			

- that my present occupation is _____;
- that ²[the tax on] my estimated total income, including the dividends from the shares referred to in paragraph 2 above, computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on 31.03.2003 relevant to the assessment year 2003-04. ³[will be nil];
- that I have not been assessed to income tax at any time in the past but I fall within the jurisdiction of the ⁴[Chief Commissioner or Commissioner] of Income-tax, _____;

OR

that I was last assessed to Income-tax for the assessment year _____ by the ⁵[Assessing Officer] _____
Circle/Ward/District and the permanent account number allotted to me is _____;

- that I am resident in India within the meaning of Section 6 of the Income-tax Act, 1961.

Signature of the declarant

Verification

I _____, do hereby declare that to the best of my knowledge and belief what is stated above is correct, complete and is truly stated.

Verified today, the _____ day of _____

Place: _____

Signature of the declarant

- Inserted by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 21-6-1982.
- Inserted by the IT (Fourteenth Amdt.) Rules, 1990, w.e.f. 20-11-1990.
- Substituted for "will be less than the minimum liable to income-tax", *ibid.*
- Substituted for "Commissioner" by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 01-04-1988.
- Substituted for "Income-tax Officer", *ibid.*

Notes:

1. Give complete postal address.
2. The declaration should be furnished in duplicate.
3. Delete whichever is not applicable
4. Before signing the verification, the declarant should satisfy himself that the information furnished in the declaration is true, correct and complete in all respects. Any person making a false statement in the declaration shall be liable to prosecution under Section 277 of the Income-tax Act, 1961, and on conviction be punishable –
 - i. in a case where tax sought to be evaded exceeds one lakh rupees, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine.
 - ii. in any other case, with rigorous imprisonment which shall not be less than three months but which may extend to three years and with fine.

[FOR USE BY THE PERSON TO WHOM THE DECLARATION IS FURNISHED]

1. Name and address of the company : KAR MOBILES LIMITED,
Regd. Off.: Sri Chitrapur Commercial Complex,
4th Floor - E, No.68, 15th Cross, 8th Main,
Malleswaram, Bangalore - 560055
2. Date on which the declaration was furnished by the declarant :
3. Date of declaration, distribution or payment of dividends :
4. Period in respect of which dividend has been declared : 2001-02
5. Amount of dividend paid :

Forwarded to the '[Chief Commissioner or Commissioner] of Income-tax _____

Place _____

Date _____

*Signature of the principal
Officer of the company*

ACTION POINTS

1. Declaration should be sent by a resident individual, in duplicate, to the deductor if his total income is likely to be less than the taxable limit and he desires to receive the income from dividends without deduction of tax at source.
2. Separate declarations should be sent to the principal officer of each company in which shares are held.
3. Declaration will remain valid for one previous year.
4. A copy of such declaration has to be furnished by the payer of the dividends to the Chief Commissioner or Commissioner on or before seventh day of the succeeding month.
5. The Notes below the Form are important and should be read

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6. Substituted for "Commissioner" by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 01-04-1988.

FORM No. 15G

[see rule 29c(2)]

**Declaration under section 197A(1) of the Income-tax Act, 1961,
to be made by an individual claiming receipt of dividend without deduction of tax**

I _____, son/daughter/wife of _____ resident of _____ do
hereby declare –

1. that I am a shareholder in KAR MOBILES LIMITED, Regd. Off.: Sri Chitrapur Commercial Complex, 4th Floor - E, No.68, 15th Cross, 8th Main, Malleswaram, Bangalore - 560055;
2. that the shares in the said company, particulars of which are given below, stand in my name and are beneficially owned by me, and the dividends therefrom are not includable in the total income of any other person under sections 60 to 64 of the Income-tax Act, 1961;

No. of Shares	Class of shares and face value of each share	Total face value of shares	Distinctive numbers of the shares	Date(s) on which the shares were acquired by the declarant
	Equity Shares of Rs. 10/- each			

3. that my present occupation is _____;
4. that ²[the tax on] my estimated total income, including the dividends from the shares referred to in paragraph 2 above, computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on 31.03.2003 relevant to the assessment year 2003-04, ³[will be nil];
5. that I have not been assessed to income tax at any time in the past but I fall within the jurisdiction of the ⁴[Chief Commissioner or Commissioner] of Income-tax, _____;

OR

that I was last assessed to Income-tax for the assessment year _____ by the ⁵[Assessing Officer] _____
Circle/Ward/District and the permanent account number allotted to me is _____;

6. that I am resident in India within the meaning of Section 6 of the Income-tax Act, 1961.

Signature of the declarant**Verification**

I _____, do hereby declare that to the best of my knowledge and belief what is stated above is correct, complete and is truly stated.

Verified today, the _____ day of _____

Place: _____

Signature of the declarant

1. Inserted by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 21-6-1982.
2. Inserted by the IT (Fourteenth Amdt.) Rules, 1990, w.e.f. 20-11-1990.
3. Substituted for "will be less than the minimum liable to income-tax", *ibid*.
4. Substituted for "Commissioner" by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 01-04-1988.
5. Substituted for "Income-tax Officer", *ibid*.

Notes:

1. Give complete postal address.
2. The declaration should be furnished in duplicate.
3. Delete whichever is not applicable
4. Before signing the verification, the declarant should satisfy himself that the information furnished in the declaration is true, correct and complete in all respects. Any person making a false statement in the declaration shall be liable to prosecution under Section 277 of the Income-tax Act, 1961, and on conviction be punishable –
 - i. in a case where tax sought to be evaded exceeds one lakh rupees, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine.
 - ii. in any other case, with rigorous imprisonment which shall not be less than three months but which may extend to three years and with fine.

[FOR USE BY THE PERSON TO WHOM THE DECLARATION IS FURNISHED]

1. Name and address of the company : KAR MOBILES LIMITED,
Regd. Off.: Sri Chitrapur Commercial Complex,
4th Floor - E, No.68, 15th Cross, 8th Main,
Malleswaram, Bangalore - 560055
2. Date on which the declaration was furnished by the declarant :
3. Date of declaration, distribution or payment of dividends :
4. Period in respect of which dividend has been declared : 2001-02
5. Amount of dividend paid :

Forwarded to the *[Chief Commissioner or Commissioner] of Income-tax _____

Place _____

Date _____

*Signature of the principal
Officer of the company*

ACTION POINTS

1. Declaration should be sent by a resident individual, in duplicate, to the deductor if his total income is likely to be less than the taxable limit and he desires to receive the income from dividends without deduction of tax at source.
2. Separate declarations should be sent to the principal officer of each company in which shares are held.
3. Declaration will remain valid for one previous year.
4. A copy of such declaration has to be furnished by the payer of the dividends to the Chief Commissioner or Commissioner on or before seventh day of the succeeding month.
5. The Notes below the Form are important and should be read

6. Substituted for "Commissioner" by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 01-04-1988.

KAR MOBILES LIMITED

DIRECTORS

L. Ganesh	-	Chairman
V. Ramachandran	-	Vice-Chairman & Managing Director
K.P. Balasubramaniam		
A.S. Lakshmanan		
L. Lakshman		
T. M. Ramachandran		
V. Srikanth		
K. Vishnumurthy Yerkadithaya		

AUDITORS

M/s. Varma & Varma

BANKERS

State Bank of India

REGISTERED OFFICE

Sri Chitrapur Commercial Complex
IV Floor - E, No.68, 15th Cross, 8th Main
Malleswaram, Bangalore - 560 055

FACTORIES

Plot No.26, Peenya Industrial Area P.B. No.5835 Bangalore - 560 058	Plot No.36-B & 37 Hirehalli Industrial Area Tumkur - 572 101
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