



KAR MOBILES LIMITED

76th
Annual Report
2012-2013

KAR MOBILES LIMITED

CORPORATE INFORMATION

Board of Directors

L Ganesh - Chairman
L Lakshman
K P Balasubramaniam
V Ramachandran
C N Srivatsan
Krishna Kumar Seshadri

Audit Committee

C N Srivatsan - Chairman
L Lakshman
K P Balasubramaniam

Investors' Service Committee

L Ganesh - Chairman
V Ramachandran
K P Balasubramaniam

President

S Krishnamurthy

General Manager - Finance

H K Vadiraj

Shares listed with

Bangalore Stock Exchange Ltd., Bangalore
Madras Stock Exchange Ltd., Chennai
IndoNext Platform of Bombay Stock Exchange Ltd.,
Mumbai

Registered Office

"Maithri",
132, Cathedral Road,
Chennai – 600 086

Auditors

M/s. Varma & Varma,
(Firm No. 004532S)
Chartered Accountants,
#424, 4th C Main, 6th Cross,
OMBR Layout, Banaswadi,
Bangalore - 560 043

Bankers

State Bank of India

Overseas Branch,
St. Marks Road,
Bangalore - 560 001

Hongkong & Shanghai Banking Corporation Limited

HSBC Building,
MG Road,
Bangalore - 560 001

Standard Chartered Bank

No.19, Rajaji Salai,
Chennai - 600 001

Location of Plants

Plot No.26, 1st Phase,
Peenya Industrial Area,
Bangalore - 560 058

Plot No.36-B & 37,
Hirehalli Industrial Area,
Tumkur - 572 101

**Annual General Meeting
on Tuesday,
23rd July, 2013 at 10.30 a.m**

Venue

Music Academy (Mini Hall),
New No.168, TTK Road,
Royapettah,
Chennai – 600 014

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

KAR MOBILES LIMITED

FINANCIAL HIGHLIGHTS

KEY PERFORMANCE INDICATORS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
FINANCIAL YEAR									
Return On Capital Employed (ROCE) (%)	10.87	17.92	14.43	15.21	9.03	16.89	17.03	23.07	27.55
Return On Equity (ROE) (%)	9.43	19.12	12.62	12.70	3.72	12.76	12.29	18.79	19.32
Earnings Per Share (₹)	12.47	23.32	13.99	13.07	3.66	12.02	11.24	16.28	14.64
Dividend (%)	45	85	50	45	20	40	30	40	40
Book value per share (₹)	135.76	128.48	115.22	106.88	99.06	97.77	90.40	92.59	80.85

OPERATIONAL PERFORMANCE	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
FINANCIAL YEAR									
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	10.24	12.30	7.62	7.37	5.26	7.12	6.53	7.78	7.03
Profit Before Tax (PBT)	3.14	7.68	4.78	4.44	1.53	4.53	4.45	5.78	5.11
Profit After Tax (PAT)	2.79	5.22	3.14	2.93	0.82	2.69	2.52	3.65	3.28

BALANCE SHEET SUMMARY *

Year Ended 31st March	2013	2012	2011
Equity Share Capital	2.24	2.24	2.24
Shareholders' Funds	30.41	28.78	25.81
Non current liabilities	11.25	21.26	14.80
Current liabilities	47.32	42.04	27.19
Non current assets	41.79	36.57	26.62
Current assets	47.19	55.51	41.18

* Pertains to revised Schedule VI applicable years only

KAR MOBILES LIMITED

Regd. Office: "Maithri" 132, Cathedral Road, Chennai - 600 086
visit us at <http://rane.in>

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 76th Annual General Meeting of the Shareholders of the Company will be held at 10.30 a.m. on Tuesday, July 23, 2013, at 'The Music Academy' (Mini Hall), New No.168, TTK 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, 2013 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, 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 ₹ 2/- per equity share declared by the board of directors of the Company on January 21, 2013 on 22,40,000 equity shares of ₹10/- each fully paid, absorbing a sum of ₹ 52,06,768 (including dividend distribution tax and cess thereon) paid to the shareholders on February 4, 2013 for the year ended March 31, 2013, be and is hereby approved."

"Resolved further that final dividend of ₹ 2.50 per equity share of ₹10 each on 22,40,000 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 ₹ 65,51,720 (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 23, 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 Ganesh, who retires by rotation under Article 116 & 118 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, 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. K P Balasubramaniam, who retires by rotation under Article 116 & 118 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, 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. The retiring auditors M/s. Varma & Varma, Chartered Accountants, are eligible for reappointment. 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 (Registration No. 04532S with The Institute of Chartered Accountants of India), be and are hereby re-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 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."

KAR MOBILES LIMITED

Special Business:

6. Appointment of Mr. Krishna Kumar Seshadri as Director:

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

“Resolved that Mr. Krishna Kumar Seshadri, 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.”

7. Approval to borrow

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

“Resolved that pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money, which together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeding the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount so borrowed by the board of directors and outstanding at any one time shall not exceed ₹ 40 crores.”

8. Approval to deal with the undertakings

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

“Resolved that the consent of the company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 to the Board of directors of the Company (hereinafter called “the Board” which term shall be deemed to include any committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons), to mortgage / charge all the immoveable and moveable properties of the Company wheresoever situate, present and future, and the part / whole of the undertaking of the Company to or in favour of institutions / banks (lenders) or the trustees for the lenders of the Company to secure the financial assistances granted / to be granted by the lenders upto an amount in the aggregate not exceeding the maximum borrowing powers of the Company as applicable together with all interest thereon and expenses in terms of the respective facility agreements entered into by the Company on such terms and conditions as may be agreed to between the parties from time to time.”

“Resolved further that the Board of the Company be and is hereby authorized to finalise with the lenders / trustees for the lenders of the Company documents for creating aforesaid mortgage and /or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution.”

(By Order of the Board)

For Kar Mobiles Limited

Place : Chennai
Date : May 21, 2013

L Ganesh
Chairman

KAR MOBILES 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 13, 2013 to Tuesday, July 23, 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 Registrar and Transfer Agents, for payment in respect of the unclaimed dividend on or after the financial year 2005-06.

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 Registrar 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 may inform the change in their residential and e-mail address to their Depository Participants.

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.

(By Order of the Board)

For Kar Mobiles Limited

Place : Chennai
Date : May 21, 2013

L Ganesh
Chairman

KAR MOBILES LIMITED

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

Resolution No. 6

The Board of Directors of your Company co-opted Mr. Krishna Kumar Seshadri on January 21, 2013 as additional director. Mr. Krishna Kumar holds a Master of Engineering from Indian Institute of Science, Bangalore and has done Diploma in Business Management from Indian Institute of Management, Ahmedabad.

Mr. Krishna Kumar started his carrier in 1969 as Design Engineer at Tata Motors Ltd. and moved to an automobile component company as Head of Operations. Since then he has held number of senior positions and served as director on the boards of few companies including Rane Group. He has vast experience of 35 years in the management of auto ancillary companies. Mr. Krishna Kumar is presently an independent consultant and an Executive Coach accredited to Business Coaching Foundation of India.

Information about Mr. Krishna Kumar, in accordance with clause 49 (IV) of the Listing Agreement is attached.

The term of Mr. Krishna Kumar, as per Section 260 of the Companies Act, 1956 is only up to this 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 his candidature for the office of director of the Company.

The knowledge and experience of Mr. Krishna Kumar would be immensely beneficial to the Company and the directors commend the resolution for adoption.

Mr. Krishna Kumar is deemed to be interested in the resolution. No other director is concerned or interested in the resolution.

Resolution No. 7 & 8

In order to augment resources for the planned capital expenditure and other long term requirements, the Company is required to borrow funds from time to time. Given the growth opportunities, the fund requirements of the Company is expected to go up to ₹40 crores from the present limit of ₹35 crores approved by the members at the annual general meeting held on July 25, 2008.

The board now recommends for borrowing up to ₹40 crores (Rupees forty crores only) to meet the Company's increased long term funding requirements. Since this would be in excess of the limits of the borrowing powers prescribed under Section 293(1)(d) of the Companies Act, 1956, approval of the shareholders is sought by way of an ordinary resolution.

In order to obtain the financial assistance from banks, financial institutions or other lending institutions, by mortgaging the assets of the Company as security, approval of the shareholders the Company is required under Section 293(1)(a) of the Companies Act, 1956 by way of ordinary resolution.

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

Your directors commend the resolutions for adoption.

(By Order of the Board)
For Kar Mobiles Limited

Place : Chennai
Date : May 21, 2013

L Ganesh
Chairman

KAR MOBILES 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
Name of the Director	Mr. L Ganesh	Mr. K P Balasubramaniam	Mr. Krishna Kumar Seshadri
Father's Name	Mr. L L Narayan	Mr. K Palani	Mr. Seshadri Pudugramam Krishnaiyer
Date of Birth	March 18, 1954	July 15, 1941	May 10, 1946
Educational Qualification	B.Com., ACA, MBA	B.Sc., Diploma in Business Management	Master of Engineering, Indian Institute of Science, Bangalore Diploma in Business Management IIM, Ahmedabad
Date of Appointment	January 6, 1994	May 3, 1989	January 21, 2013
Experience	Mr L Ganesh, Chairman has over 34 years of industrial experience. He is closely involved in management of Rane Group Companies.	Mr. K P Balasubramaniam has over 43 years of experience in his profession.	Mr. Krishna Kumar has over 35 years of industrial experience
Other Directorships	Public Limited Companies Chairman & Managing Director Rane Engine Valve Ltd. Chairman Rane NSK Steering Systems Ltd. Rane TRW Steering Systems Ltd. Rane (Madras) Ltd. Rane Brake Lining Ltd. Rane Diecast Ltd. SasMos HET Technologies Ltd. Vice Chairman Rane Holdings Ltd. Director EIH Ltd. EIH Associated Hotels Ltd. JMA Rane Marketing Ltd.	Public Limited Companies Tasty Bite Eatables Ltd. Ritz Hotels (Mysore) Ltd. Private Limited Companies Jaybear Investment Finance Pvt Ltd. EIE Enterprises Pvt. Ltd. TMC Enterprises Pvt. Ltd.	Public Limited Companies Rane Engine Valve Ltd.
Committee Memberships	Chairman - Audit EIH Associated Hotels Ltd. Member - Audit Rane Holdings Ltd. Rane Brake Lining Ltd. Rane TRW Steering Systems Ltd. Rane NSK Steering Systems Ltd. Chairman - Investors Service Kar Mobiles Ltd. Member - Investors' Service Rane Holdings Ltd. Rane Brake Lining Ltd. Rane Engine Valve Ltd.	Chairman - Audit Tasty Bite Eatables Ltd. Member - Audit Kar Mobiles Ltd. Member-Investors' Service Kar Mobiles Ltd.	NIL
No. of Shares held	50	650	NIL

(By Order of the Board)
For Kar Mobiles Limited

L Ganesh
Chairman

Place : Chennai
Date : May 21, 2013

KAR MOBILES LIMITED

REPORT OF THE DIRECTORS

Your directors are pleased to present their Seventy Sixth 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:

	(₹ in Crores)	
Particulars	2012-13	2011-12
Sales & Operating Revenue	123.78	120.43
Other Income	–	0.85
Profit before Tax	3.14	7.68
Provision for Tax	0.35	2.46
Profit after Tax	2.79	5.22
Surplus brought forward	1.87	1.36
Profit Available for Appropriation	4.66	6.58

During the year, the Company's sales and operating revenues registered a marginal growth of 3% over the previous year. However, the profitability was significantly low due to higher costs and adverse market conditions. This resulted in lower earnings per share at ₹ 12.47 as against ₹ 23.32 in the previous year.

2. Appropriation

Out of the profit available for appropriation of ₹ 4.66 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 25%, making total dividend as 45% for the year. The total dividend amount inclusive of distribution tax and surcharge thereon would be ₹ 1.17 Crores. After transfer of ₹ 2.00 Crores to the General Reserve, ₹ 1.49 Crores has been retained as surplus in the Profit and Loss Account.

3. Management Discussion and 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 Company does not accept fixed deposit falling under the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder.

5. Board of Directors

Mr. L Ganesh and Mr. K P Balasubramaniam retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-election. The notice convening the ensuing Annual General Meeting includes the proposal for their re-appointment as directors.

Mr. Krishna Kumar Seshadri was co-opted to the Board during the year and would hold office up to the ensuing Annual General Meeting of the Company. The Company has received notice from a shareholder signifying the intention to propose the appointment of Mr. Krishna Kumar Seshadri as director of the Company, at the ensuing Annual General Meeting.

During the year Mr. A Hydari resigned as director from the Company. The Board placed on record its appreciation for the services rendered by Mr. A Hydari during his tenure of office with the Company. The Board also recorded its condolence on the sudden and sad demise of Mr. Hydari.

6. Conservation of Energy

During the year, various initiatives have been taken to reduce consumption of energy like reduction of power consumption in Compressor by modifying the tank capacity and conversion of electrical connections of major equipments from Delta to STAR connection. This has resulted reduction of energy by 200 units per day.

7. Research & Development Activities

During the year, the Company has not carried out any research & development activity. However, upgrade of products / processes are carried out on regular basis. The statement giving information as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is enclosed to this report as Annexure B.

8. Foreign Exchange Earnings and Outgo

Foreign exchange earned (FOB) during 2012-13 was ₹ 58.27 Crores and foreign exchange outgo was ₹ 21.00 Crores.

Strategic initiatives were undertaken to increase export business in terms of Customers, Product and Geographical location by identifying new business opportunities.

9. Employees

There was no employee for whom the particulars as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is applicable.

10. Auditors

Statutory Auditors

M/s. Varma & Varma, Chartered Accountants, Bangalore, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received from them. M/s Varma & Varma, has submitted the Peer Review Certificate issued to them by The Institute of Chartered Accountants of India (ICAI).

The notice of the ensuing Annual General Meeting contains necessary resolution in this regard. Your directors recommend the re-appointment of M/s. Varma & Varma, as Statutory Auditors.

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 December 27, 2012 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. STR & Associates, Cost Accountants, Chennai to carry out the cost audit of the Company for the financial year 2012-2013. 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. STR & 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. STR & Associates, as cost auditors for the financial year 2013-14.

11. Directors' Responsibility Statement

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

12. Corporate Social Responsibility (CSR)

The vision on Corporate Social Responsibility (CSR) is, **"To be a socially and environmentally responsible 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 focus of Rane's social development initiatives has been in the three specific areas of (a) Education (b) Healthcare and (c) community development. The following social development initiatives were undertaken by your Company in this year:

- ❖ Contribution of funds towards establishment of Polytechnic College at Trichy by Rane Foundation by way of donation and interest free loans.