

Annual Report 2013-2014

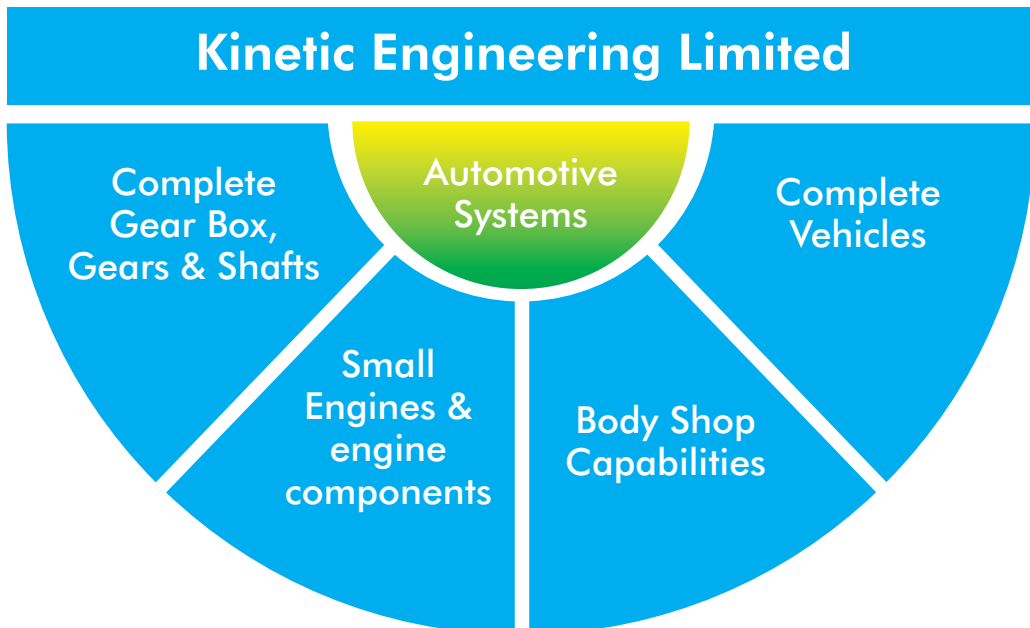


KINETIC
in every
automobile



Kinetic Engineering Limited

New Business Received



BOARD OF DIRECTORS

MR. ARUN H. FIRODIA	CHAIRMAN
MRS. SULAJJA FIRODIA MOTWANI	VICE-CHAIRPERSON
MR. AJINKYA A. FIRODIA	MANAGING DIRECTOR
MR. JINENDRA H. MUNOT	
DR. K. H. SANCHETI	
MR. S. R. SANGHI	
MR. S. R. KOTECHA	
MR. R. J. KABRA	
MR. HARJIT SINGH BHATIA (UPTO 09.07.2014)	
MR. ASHISH KUMAR	

COMPANY SECRETARY

MR. ROHIT PURANDARE

AUDITORS

M/S. P. G. BHAGWAT
CHARTERED ACCOUNTANTS, PUNE

REGISTERED OFFICE

D1 BLOCK, PLOT NO. 18/2, MIDC, CHINCHWAD, PUNE - 411019.

REGISTRAR & TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED
BLOCK NO. 202, AKSHAY COMPLEX, NEAR GANESH TEMPLE, OFF DHOLE
PATIL ROAD, PUNE – 411001
PHONE NO. : 020 – 26160084, 26161629,
TELE FAX NO : 020 – 26163503
E-MAIL ID : pune@linkintime.co.in

WORKS

NAGAR-DAUND ROAD, AHMEDNAGAR, PIN - 414001

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KINETIC ENGINEERING LIMITED

N O T I C E

NOTICE is hereby given that the 43rd Annual General Meeting of the shareholders of KINETIC ENGINEERING LIMITED will be held on Monday, 29th day of September, 2014 at 11: 00 a.m., at the Registered Office of the Company at D-1 Block, Plot No. 18/ 2, MIDC, Chinchwad, Pune - 411 019, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the financial year ended on that date, together with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Ms. Sulajja Firodia Motwani (DIN: 00052851), who retires by rotation and is eligible for re-appointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

4. Appointment Mr. Ajinkya A. Firodia (DIN: 00332204) as Managing Director

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to the approval of Shareholders and the approval from the Central Government, Mr. Ajinkya A. Firodia (DIN: 00332204), be and is hereby appointed as a Managing Director of the Company with effect from 22.04.2014, for a period of five years, on the terms and conditions recommended by the Nomination and remuneration Committee as set out below.

Remuneration (per annum)	
Salary	Rs. 26,35,380 (with 10% increase every year)
HRA	Rs. 8,78,460 (with 10% increase every year)
LTA	Rs. 1,00,000
Medical Exp. Reimb.	Rs. 15,000
Variable Pay	2% of Operating Profit (EBITDA)
Benefits:	
Provident Fund	As per the Rules of the Company
Superannuation	
Gratuity	
Personal Accident & Mediciam Benefits	
Other privileges, facilities, perquisites, benefits and amenities	
Club membership	One Club
Provision of cars	2 Cars - One car with driver for office use and one car with driver for private use
Telephone facility	Telephone at residence, and a mobile phone
Watchman at residence	One round-the-clock watchman at residence
Minimum remuneration	In the event of loss or inadequacy of profits, the aforesaid remuneration shall be payable as the minimum remuneration

Other terms	
Tenure	5 years w.e.f. 22.04.2014
Duties and responsibilities	Subject to the superintendence, control and direction of the Board of Directors, Mr. Ajinkya A. Firodia is entrusted with the substantial powers of management and shall be responsible for the general conduct and management of the business and affairs of the Company as entrusted, and shall exercise the powers conferred on him by the Board from time to time, subject to such restrictions and limitations as the Board may impose.

RESOLVED FURTHER THAT, Mr. Rohit Purandare, Company Secretary, be and is hereby authorized to submit necessary application and do all such things as are necessary, for seeking the approval of Central Government, to the terms of appointment.

5. Appointment of Mr. Ramesh J. Kabra (DIN: 00306688) as an Independent Director

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:

"RESOLVED THAT, pursuant to provision of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr. Ramesh J. Kabra (DIN: 00306688), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th June, 2014 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Ramesh J. Kabra as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company up to March 31, 2019, not liable to retire by rotation."

6. Appointment of Mr. Jinendra H. Munot (DIN: 00049838) as an Independent Director

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval be and is hereby accorded to the appointment of Mr. Jinendra H. Munot (DIN: 00049838), in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, as an Independent Director on the Board of the Company for a consecutive period of five years, effective from 1st April, 2014 upto 31st March 2019, not liable to retire by rotation."

7. Appointment of Dr. K. H. Sancheti (DIN: 00872400) as an Independent Director

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval be and is hereby accorded to the appointment of Dr. K. H. Sancheti (DIN: 00872400), in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, as an Independent Director on the Board of the Company for a consecutive period of five years, effective from 1st April, 2014 upto 31st March 2019, not liable to retire by rotation."

8. Appointment of Mr. Sudhir R. Sanghi (DIN: 00033352) as an Independent Director

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval be and is hereby accorded to the appointment of Mr. Sudhir R. Sanghi (DIN: 00033352), in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, as an Independent Director on the Board of the Company for a consecutive period of five years, effective from 1st April, 2014 upto 31st March 2019, not liable to retire by rotation."

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9. **Appointment of Mr. Shirish R. Kotecha (DIN: 00170659) as an Independent Director**

To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval be and is hereby accorded to the appointment of Mr. Shirish R. Kotecha (DIN: 00170659), in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, as an Independent Director on the Board of the Company for a consecutive period of five years, effective from 1st April, 2014 upto 31st March 2019, not liable to retire by rotation."

10. **To approve Borrowing limits of the Company**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT, in supersession of the Resolutions passed by the shareholders previously in this regard and pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Rules made thereunder, approval of the Members be and is hereby accorded to authorise the Board of Directors of the Company (Board) which shall be deemed to include any Committee thereof, 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(s), to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs. 300 Crore (Rupees Three Hundred Crore only) over and above the aggregate of the paid-up capital and free reserves (i.e. reserves not set apart for any specific purpose) of the Company and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such moneys to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may be necessary, proper, desirable or expedient to give effect to this resolution."

11. **Creation of Charges on the assets of the Company**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT, in supersession of the Resolutions passed by the shareholders previously in this regard and pursuant to the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Rules made thereunder, approval of the Members be and is hereby accorded to authorise the Board of Directors of the Company (Board) which shall be deemed to include any Committee thereof, 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(s), to mortgage/ charge/hypothecate/encumber any of its movable and/or immovable properties wherever situated both present and future or to lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) and to create mortgage/charge/hypothecate/encumber, on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings of the Company in favour of any Bank(s) or Financial Institution(s) or Body(ies) Corporate or Person(s), whether the Members of the Company or not, together with interest, cost, charges and expenses thereon for an amount not exceeding Rs. 300 Crore (Rupees Three Hundred Crore only) over and above the aggregate of the paid-up capital and free reserves (that is, reserves not set apart for any specific purpose) of the Company.

RESOLVED FURTHER THAT mortgage/charge/hypothecate/encumber to be created by the Company aforesaid may rank prior/pari-passu/subservient with/to the mortgage/ charge/hypothecation/encumbrance already created or to be created by the Company as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings /papers/agreements as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt relating thereto that may arise in regard to creating mortgage /charge as aforesaid."

By Order of the Board of Directors
For **KINETIC ENGINEERING LIMITED**

Rohit Purandare
Company Secretary

Date: 14.08.2014

Place: Pune

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- 2 During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three (3) days written notice is given to the Company.
- 3 An Explanatory Statement pursuant to section 102 of the Companies Act, 2013 forms part of this Notice.
- 4 Brief details of the directors, who are seeking re-appointment, are annexed hereto as per requirements of clause 49 of the listing agreement.
- 5 Pursuant to the provisions of section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company will remain closed from 27. 09. 2014 to 29. 09. 2014, both days inclusive.
- 6 The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Link Intime.
- 7 In terms of section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including Financial statements, Board Report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.
- 8 To receive shareholders' communications through electronic means, including annual reports and notices, members are requested to kindly register/ update their email address with their respective depository participant, where shares

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are held in electronic form. If, however, shares are held in physical form, members are advised to register their e-mail address with Link Intime India Pvt. Ltd. on pune@linkintime.co.in.

- 9 Documents referred to in the Notice and the explanatory statement shall be open for inspection by the members at the registered office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. except holidays, upto the date of the meeting.
- 10 Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 (a copy of which is available on the website of the Company) with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
- 11 Corporate members are requested to send in advance, duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend the annual general meeting.
- 12 Members/Proxies are requested to bring the copies of annual reports to the meeting.
- 13 Please note that for security reasons, no article/baggage will be allowed at the venue of the meeting.
- 14 Voting through electronic means

In terms of the provisions of section 108 of the Companies Act, 2013 (the Act) read with rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this section of the Notice) and clause 35B of the listing agreement, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on 22 August, 2014 (End of Day) being the Cut-off date (Record date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- A. In case of Members receiving Notices of Annual General Meeting (AGM) through E-mail:
 - (i) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the "KINETIC ENGINEERING LIMITED" from the drop down menu and click on "SUBMIT"
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID;
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on "Login".
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members (Shareholders) holding shares in Demat Form and Physical Form	
Permanent Account Number (PAN)	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Date of Birth (DOB) #	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.

Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Company / Depository Participant please enter the Client id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the Electronic Voting Sequence Number (EVSN) of "KINETIC ENGINEERING LIMITED"
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) (a) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- (b) Institutional shareholders should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

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- (c) After receiving the login details Institutional shareholders have to create a user who would be able to link the account(s) which institutional shareholders wish to vote on.
 - (d) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - (e) Institutional shareholders should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- B. In case of Members receiving physical copy of Notice of AGM:
- (i) Please follow all steps from Sr. No. (i) to Sr. No. (xviii) above, to cast vote.
 - (ii) The voting period begins on Tuesday, 23rd September, 2014 at 9.00 a.m. IST and ends on Thursday, 25th September, 2014 at 6.00 p.m. IST. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22 August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- C. In case you have any queries or issues regarding E-voting, you may refer the Frequently Asked Questions ("FAQs") and E-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- D. General Instruction:
- (i) You are advised to cast your vote only through one mode (E-voting or through Poll at the AGM). In case you cast your votes through both the modes, votes cast through E-voting shall only be considered and votes cast at meeting through Poll would be rejected.
 - (ii) The Company has appointed Mr. Devendra V. Deshpande, Practicing Company Secretary, as the Scrutinizer for conducting the e-voting process in fair and transparent manner.

Annexure to Notice

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4

The Board of Directors of the Company, at its meeting held on 22nd April, 2014 has, subject to the approval of members and Central Government, appointed Mr. Ajinkya A. Firodia as Managing Director, for a period of 5 (five) years from the expiry of his present term, which expired on 21st April, 2014, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Brief resume of Mr. Ajinkya A. Firodia, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Corporate Governance Report forming part of the Annual Report.

Mr. Ajinkya A. Firodia is related to Directors Mr. Arun H. Firodia and Ms. Sulajja Firodia Motwani. None of the Directors except Mr. Arun H. Firodia and Ms. Sulajja Firodia Motwani and Mr. Ajinkya A. Firodia, are to be considered as interested, in passing of the above mentioned resolution.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Item No. 5

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Ramesh J. Kabra as an Additional Director of the Company with effect from 28th June, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Ramesh J. Kabra would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Ramesh J. Kabra for the office of Director of the Company.

Mr. Ramesh J. Kabra is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Ramesh J. Kabra that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. Ramesh J. Kabra possesses appropriate skills, experience and knowledge, inter alia, in the field of automotive and auto ancillary manufacturing for more than 40 years.

In the opinion of the Board, Mr. Ramesh J. Kabra fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement.

Mr. Ramesh J. Kabra is independent of the management.

Brief resume of Mr. Ramesh J. Kabra, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Ramesh J. Kabra is appointed as an Independent Director. Copy of the draft letter for appointment of Mr. Ramesh J. Kabra as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above mentioned resolution, except the appointee Director and his relatives.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

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Item No. 6 to 9

Section 149 of Companies Act, 2013 provides that Independent Directors shall hold office for a term upto 5 (Five) consecutive years. As on 31st March 2014, the Board of Directors of the Company comprised Mr. Jinendra H. Munot, Dr. Kantilal H. Sancheti, Mr. Sudhir R. Sanghi and Mr. S. R. Kotecha, as Independent Director pursuant to erstwhile clause 49 of the Listing Agreement.

Accordingly, with the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 14th August, 2014, appointed Mr. Jinendra H. Munot, Dr. Kantilal H. Sancheti, Mr. Sudhir R. Sanghi and Mr. S. R. Kotecha, as Independent Directors of the Company pursuant to Section 149, Schedule IV and other applicable provisions, of the Companies Act, 2013, for a consecutive period of 5 years from 1st April, 2014 to 31st March, 2019, subject to the approval of shareholders.

Further, pursuant to the provisions of Section 149 of Companies Act, 2013, Independent Directors are not liable to retire by rotation. Therefore, considering the provisions of Companies Act, 2013, all the Independent Directors shall not be liable to retire by rotation.

Therefore, as required under Schedule IV, appointment of these Independent Directors is set out in the item 6 to 9 of the Notice for approval of shareholders.

In respect of the appointments of the aforesaid directors, a notice in writing in the prescribed manner as required by section 160 of the Companies Act, 2013 and Rules made thereunder has been received by the Company, regarding candidature of the aforesaid directors for the office of the director.

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6). The respective appointee is not disqualified from being appointed as a director in terms of section 164 of the Act.

The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the Company by any member between 10.00 a.m. and 01.00 p.m. on all working days (Monday to Friday) of the Company upto and including the day of the meeting and the same shall also be available at the Company's website.

The Board is of the opinion that the aforesaid directors possess requisite skills, experience and knowledge relevant to the Company's business and it would be in the interest of the Company to continue to have their association with the Company as directors.

Further, in the opinion of the Board, the proposed appointment of independent directors, fulfills the conditions specified in the Act and the Rules made thereunder and that the proposed appointment of independent directors is independent of the management.

None of the Directors or Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above mentioned resolution, except the appointee Director(s) and their relatives.

The Board recommends the Ordinary Resolutions set out at Item Nos. 6 to 9 of the Notice for approval by the shareholders.

ITEM NO. 10

The Members at its previous meetings had delegated the powers to the Board of Directors of the Company to borrow the funds above the statutory limits over and above the aggregate of the paid-up capital and free reserves of the Company. However, the resolution was passed as an Ordinary Resolution as per the requirement of Companies Act, 1956.

As the Companies Act, 2013, effective from 1st April, 2014, requires a Special Resolution of the members for the purpose under the requirements of Section 180 (1) (c) of the Act.

In view of the above, your Directors recommend to the Members to pass a special resolution under the provisions of Section 180(1)(c) of the Companies Act, 2013 so as to enable the Board of Directors of the Company to borrow an amount within overall limit, as and when necessary.

None of the Directors or Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above mentioned resolution.

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

ITEM NO. 11

The borrowings of the Company are in general required to be secured by mortgages/ charges / hypothecation or encumbrances on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be stipulated by the lender(s) and accepted by the Board of Directors of the Company from time to time.

The mortgages and / or charges by the Company of its movable and immovable properties and/ or the whole or any part of the undertaking(s) of the Company in favour of any Bank(s) or Financial Institution(s) or Body(ies) Corporate or Person(s) with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

In view of the above, your Directors recommend to the Members to pass a Special Resolution under the provisions of Section 180(1)(a) of the Companies Act, 2013 so as to enable the Board of Directors of the Company to create mortgage and/ or charge for securing the borrowings of the Company, as and when necessary.

None of the Directors or Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above mentioned resolution.

The Board recommends the Special Resolutions set out at Item No. 11 of the Notice for approval by the shareholders.

By Order of the Board of Directors
For **Kinetic Engineering Limited**

Rohit Purandare
Company Secretary

Pune, 14th August, 2014

KINETIC ENGINEERING LIMITED

Annexure to Notice Details of Directors seeking appointment / re-appointment at the Annual General Meeting“(In pursuance of Clause 49 of the Listing Agreement with Stock Exchanges)

Name	Mr. Sulajja Firodia Motwani	Mr. Ajinkya A. Firodia	Mr. Ramesh J. Kabra	Mr. Jinendra H. Munot	Dr. K. H. Sancheti	Mr. Sudhir R. Sanghi	Mr. Shirish R. Kotecha
Age	43	34	71	61	78	63	62
DIN	00052851	00332204	00306688	00049838	00872400	00033352	00170659
Date of Appointment	04th May, 1996	06th April, 2009	28th June, 2014	6th August, 2011	27th May, 1989	31st October, 1995	27th November, 1987
Qualification	Master of Business Administration (MBA)	Bachelor of Engg. & Economics from Brown University, USA	Post Graduate Diploma in Production Engineering (V.J.T.I.)	B.E. (Mech), M.S. (Mech) USA, AMIE (India)	MBBS, D.ORTHO, FCPS, M.S. (ORTHO), F.I.C.S., F.A.C.S., PH.D	Commerce Graduate, Adv. Dip. In International Business, Marketing Management & Agriculture	M.S. Automobiles, Kanaz University, USA
Expertise/ Experience	Vast experience in the area of Marketing, Finance, Strategic planning and corporate restructuring.	Vast and rich experience in automobile sector and particularly manufacturing of automotive systems	40 Years professional experience in the field of automotive and auto ancillary manufacturing industry.	35 Years experience in Automobile Industry in various capacity	42 Years as a surgeon	Instrumental in conceiving, promoting & launching diverse products	32 Years of Manufacturing Research on innovative farming methods.
Directorships as on 31st March, 2014	Kinetic Marketing and Services Limited, Kinetic Auto Ltd., Kinetic Green Energy and Power Solutions Limited	ZF Steering Gear (India) Ltd., Kinetic Marketing & Services Ltd., Kinetic Auto Ltd., Jaya Hind Sciaky Ltd.	Nil	ZF Steering Gear (India) Ltd. Varsha Forging Ltd.	NIL	Sanghi Polymers Ltd. Sanghi Spinners India Ltd.	NIL
Chairmanship/ Membership of Committees of other Public Companies as on 31st March, 2014	NIL	NIL	NIL	NIL	NIL	3	NIL
Shareholding in the Company	616	28049	NIL	28712	241	NIL	16655

By Order of the Board of Directors
For **Kinetic Engineering Limited**

Rohit Purandare
Company Secretary

Pune, 14th August, 2014

DIRECTOR'S REPORT 2013-14
(including Management Discussion & Analysis)

Dear Members,

Your Directors present the 43rd Annual Report on the business and operations of **Kinetic Engineering Limited** and the Audited Financial Accounts for the financial year ended 31st March, 2014.

Financial Highlights

During the financial year 2013-14, the Total Revenue was Rs. 61 Crores as against Rs. 87 Crores in previous year. The revenue of the Company was lower due to prevailing recession in the Automobile Industry and reduction in demand from main customers of the Company Mahindra Two Wheelers Limited & Tata Motors Limited. The net loss during the year was Rs. 59 Crores.

Major factors contributing to net loss were as under: -

1. The operating net loss of the Company was Rs. 26.39 Crores.
2. In order to meet liabilities in the year 2013-14 the Company had to liquidate its non-core assets i.e. investment in equity shares of Mahindra Two Wheelers Limited at a loss of Rs. 24.77 Crores.
3. Due to adverse foreign currency movement the Company made provision of Rs. 3.90 Crores towards exchange fluctuation loss.

The financial performance of the Company was also affected by overall uncertain macro-economic environment and recessionary economy.

Business Overview

During the year, your Company has initiated three prestigious programmes;

1. Your Company has bagged an order from Aixam Polaris, a Company from France to manufacture complete Gear box for their Side-By-Side / ATV (All Terrain Vehicles) Vehicles which has a high volume business and is a leading market player.
2. Your Company also bagged an order from American Axle, to manufacture machine / part name 'Yoke' for its units in Mexico and India. To complete this order, your Company has installed an in house forging press to expedite the manufacturing process and to reduce material cost.
3. Your Company also bagged an order to manufacture Oil Pumps parts from Advik, Chakan, Maharashtra.
4. Development of complete Gear box for Piaggio Vehicles Private Limited (PVPL) LCVs having 40 kilogram weight with the torque of 150 NM. This LCV is soon to be launched. With the launch of this LCV, PVPL is expected to perform very well in the market.
5. Your Company has also got an LOI for Tata Nano's Automatic Manual Transmission (AMT), diesel and CNG version car.
6. To reduce material costs and better control of inventory schedules of customers, your Company has installed one ton hammer in forging shop, so as to become self reliant in forging supply and thereby managed to gain better control and reduction in costs of raw materials by at least 5% - 6%.

To summarise, the year under review has seen a good progress in the development of new programmes continued from last year and it gives confidence to your Directors that the Company would continue to see revenue increase from existing programmes, though this year the revenues did not show increase due to fluctuating market conditions for major product lines and overall depressed Automotive sector in India.

KINETIC ENGINEERING LIMITED

Many new programmes have been under development and testing during 2013-14 and they are now nearing completion. Being large and complex programmes, company expects them to start in the coming financial year and gain momentum within the first few quarters of the year, to be productionised during 2014-15, Further, the Company continues to add more parts from its existing customers including Mahindra and Mahindra, Carraro, Tata Motors as well as is exploring aggressively export business once the new programmes are in full production and based on projections given by our customers, company is confident of further increasing its revenues .

With a quality system set up in tune with the requirements of ISO 9001, and with ISO/TS 16949:2002 certification, the Company plans to leverage its skills in domestic as well as international market, by further striving for total customer satisfaction through relationship building and providing superior products and technological solutions to its customers. In the coming years, the Company will focus on strengthening its technological base and customer relationships to establish its position as a leading Power train components and assemblies specialist. Your Company would also like to adopt best manufacturing practices and has already started practising an internal Quality initiative called "KQAA" (Kinetic Quality Assessment and Awards") which reviews and rewards exceptional practices in Quality at each cell.

Industry Overview

Global Economic Slowdown affected growth of Indian Economy. Also due to Changing of economic and business conditions, evolving consumer preferences, rapid technological innovation and adoption and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate.

The domestic market continued to be challenging for the automotive industry and for the year witnessed a distinct slowdown/negative growth. The demand was restrained by higher interest rates, inflation, fuel prices, volatile commodity market, industrial unrest and adverse forex fluctuations. Investor and business confidence was low throughout the year.

With the new Government at the center having clear majority, focusing on policy decisions, inflation control and commitment towards industrial and infrastructure development, customer sentiments are expected to improve in the country in medium to long term and stimulate the demand for the Auto industry.

In spite of some current concerns, the growth forecast for the Indian economy remains healthy. With the resulting increase in income levels and lifestyle aspirations, the potential size of the Indian passenger vehicle market in the next five years is likely to be as large as 4-5 million vehicles with a conservative growth rate of 10-12% per year. Similarly, the growth in agriculture and industrial production, the spread of organised retail and the growing prevalence of the hub-and-spoke model for transportation of goods will lead to a significant expansion of the overall market size. The expected introduction of more stringent norms related to overloading of goods vehicles and roadworthiness and vehicle age will also lead to considerable expansion in the market for CVs.

The Indian auto component industry is one of the country's rising industries with tremendous growth prospects. From a low-key supplier providing components exclusively to the domestic market. The industry has emerged as one of the key auto components centres in Asia and is today seen as a significant player in the global automotive supply chain.

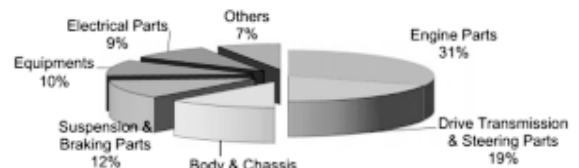
As per an Automotive Component Manufacturers Association of India (ACMA) report, the turnover of the auto component industry was measured about US\$ 66 billion in FY 2015-16 with the likelihood to touch US\$ 115 billion by FY 2020-21 depending on favorable conditions.

Auto Component Industry Profile

Turnover



Comprehensive Product Range



* Source : ACMA

As evident from the above graphical chart, engine parts and transmission and steering parts have 50% of market presence in overall automotive products range in the automobile market. Your company's main line of business is also in engine parts and transmission systems and there is huge potential for still growing its business and utilise untapped potential and thereby solicit big customers having sizable market presence in the two wheeler, three wheeler and four wheeler vehicles segments.

OPPORTUNITIES AND FUTURE OUTLOOK

We expect demand outlook to continue to remain weak in automobile sector, primarily due to uncertain macro economic environment. But the elections have delivered a clear mandate for decisive governance and development. 2014 - 15 could be a turnaround year for India, given the new energy and political will to drive economic reforms.

The new leadership has shown a resolve to implement progressive policies to bring the economy back on track. If this resolve translates into action, three developments could take place. Stalled projects could see quick execution. Better-directed subsidies could prune the fiscal deficit. Finally, strong leadership at the helm could make the administration more streamlined and responsive.

Hopefully, these steps will quicken the pace of capital formation and improve productivity. Continued reforms and a stable monetary policy would bolster the country's macroeconomic fundamentals and deliver a powerful message of societal and economic dynamism to the world.

Your Company is focusing basically on following in the coming years:

- (1) Technical alliances with the global leader like Magna Styr India Pvt. Ltd., to get access to new technologies like that of Automated Manual Transmissions (AMT), CVTs, ATs, Transfer Cases & complete solutions related to power train products. Through the Technical Agreement Company will not only strengthen its expertise, but add a horizontal benefit to its capabilities. The Company will also get access to various clients globally which shall open a door for numerous opportunities way ahead.
- (2) To focus on high volume business with PVPL for gears and shafts and use Company's infrastructure for PVPL's three wheeler business.
- (3) To focus on high volume business with Aixam Polaris for manufacturing complete Gear box for their Side-By-Side / ATV (All Terrain Vehicles) Vehicles.
- (4) To focus on high volume business with American Axle for manufacturing machine / part name 'Yoke' for its units in Mexico and India.
- (5) To focus on high volume business with Advik, for manufacturing Oil Pumps parts.

Thus, the outlook of your Company is promising with continuous growth in terms of value and volume.

Internal Control System

The company has adequate internal control system commensurate with its size and nature of business for ensuring efficiency of operations, adherence to management policies and protection of company's assets. The company's Audit Committee periodically reviews the internal control systems and compliance with Company's policies, procedures and laws.

Cautionary Statement

The report contains estimates and expectations, which could be 'forward looking'. Actual results, however, might differ from estimates and expectations expressed or implied in this report, as the same are affected by many other uncertainties, including raw material availability & prices, changes in Government regulations, tax regimes, economic developments and other incidental factors.

Research & Development

Research and development is viewed as crucial for development of the Company. These activities add in expanding and upgrading the product portfolio and improving the offerings to the customers.

Conservation of energy

Some of the measures for conservation of energy undertaken during the period under review were:

1. Maintaining unit power factor throughout year saving Rs 28, 83,250/- as an Incentive in electricity bills.

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2. Machine resifting as per layout to save transportation of jobs from one shop to another shop and better control on energy consumption.
3. In gear box testing all air leakage are arrested.
4. Energy efficient tube fitting installed in Hall no.8 & Heat Treatment shop. Instead of 250 watt mercury lamps results in 21600 units saving per year.
5. On shut down or paid holidays load is diverted on two transformers instead of five and remaining transformers shut off saving unwanted losses and power. In result 33000 units saving per year
6. In machine shop idle running of high consumption machines stopped by auto time introduction saving 20000 units per year.
7. Powder coating and Paint shop 72 watts, 6 no's energy efficient tube fitting fitted instead of 250 watts mercury fitting in results 8640 units saving per year.
8. In Hall no. 10, 9, 9A, 8 Electronic control machine fitted MCB in incoming supply line. To cut off power of stabilizer & idle transformer, in result of saving 16540 unit per year.
9. For waste water treatment plant the 50 lacks liters of treated water is used for gardening.
10. Annual savings due to above steps in term of KWH. And Rs.
Annual unit saving 99,780 Units. Rs.7, 68,306/- Lacks, @ Rs.7.70/unit & P.F. Incentive Rs 28, 83,250/- Lacks. Total Rs.36, 51,556/-Saved.
The above measures have resulted in significant saving in energy cost.

Foreign exchange earnings and outgo

The information on foreign exchange earnings and outgo is contained in Point No. 10 & 11 in Notes to the Accounts.

Directors responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In preparation of the accounts for the period under review, the Company has followed the applicable accounting standards
2. Appropriate accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March, 2014 and of the loss of the company for the year ended on that date.
3. Proper and sufficient care has been taken 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 for preventing and detecting fraud and other irregularities
4. The annual accounts for the period under review have been prepared on a 'going concern' basis

Corporate governance

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance with certificate of the Auditors of your company on Compliance with the conditions of Corporate Governance is given as annexure to the Directors' report.

Fixed deposits

During the period under review fixed deposits amounting to Rs.0.20 lac was transferred to Investor Education and Protection fund on 07.05.2014.

Compliance of provisions of SICA

As the net worth of the Company as at 31.03.2014 stands exceeded by its accumulated losses as on the same date, the Company has fallen within the ambit of Sick Industrial Companies (Special Provisions) Act, 1985 and accordingly the compliance as required under the provisions of Section 15(1) of the said Act has been made by the Company by filling a reference. The registration of the said reference is in process.

Directors

In accordance with the provisions of the Companies Act, 1956 as well as the Articles of Association of the Company, Ms. Sulajja Firodia Motwani director, retire at the ensuing Annual General Meeting, and is eligible for re-appointment. The information as required to be disclosed under clause 49 of the listing agreement in case of re-appointment of director is provided in the

Notice of the ensuing annual general meeting.

Mr. Harjit Singh Bhatia had resigned from the Board on 09th July, 2014. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as a Director.

During the year, the Board of Directors of the Company, at its meeting held on 22nd April, 2014 has, subject to the approval of members and Central Government, appointed Mr. Ajinkya A. Firodia as Managing Director, for a period of 5 (five) years from the expiry of his present term, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ramesh J. Kabra was appointed as an Additional Director Designated as an Independent Director w.e.f. 28th June, 2014 and he shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Ramesh J. Kabra for appointment as an Independent Director.

Pursuant to section 149(4) of the Companies Act, 2013, every listed company is required to appoint at least one third of its directors as independent directors. The Board already has one half of its directors in the category of independent directors in terms of the provisions of clause 49 of the listing agreement. The Board therefore, in its meeting held on 14th August, 2014 appointed the following existing independent directors under clause 49, as 'independent directors' pursuant to Companies Act, 2013, subject to approval of shareholders:

1. Mr. Jinendra H. Munot
2. Dr. K. H. Sancheti
3. Mr. Sudhir R. Sanghi
4. Mr. Shirish R. Kotecha
5. Mr. R. J. Kabra

As required under the said Act and the Rules made thereunder, the same is now put up for approval of members at the ensuing annual general meeting. Necessary details have been annexed to the Notice of the meeting in terms of section 102(1) of the Companies Act, 2013.

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6). With the appointment of independent directors, the conditions specified in the Act and the Rules made thereunder as also under new clause 49 of the listing agreement stand complied.

Auditors

The auditors M/s P. G. Bhagwat, Chartered Accountants, hold office until the ensuing Annual General Meeting, and have furnished a certificate in terms of Sec. 224(1) of the Companies Act, 1956, about their eligibility.

In conformity with the directives of the Central Government, the Company has Re-appointed M/s. Dhananjay V. Joshi & Associates Cost Accountant, as the cost auditor under Section 233B of the Companies Act, 1956 to conduct the cost audit of Kinetic Engineering Limited for the year 2014-15.

Employees

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 form part of this report. However, as per the provisions of Section 219(1)(b)(IV) of the Companies Act, 1956, the report and the accounts are being sent to the shareholders of the company, excluding the statement of particulars of employees under Section 217(2A) of the Companies Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company at the Registered Office of the Company.

Acknowledgement

The directors express their sincere thanks to Financial Institutions, banks who have extended their support in form of Credit Facilities, suppliers and stakeholders for the support extended to the Company and also wish to place on record their appreciation of the dedicated services rendered by the employees of the Company.

For and on behalf of the Board of Directors

A. H. Firodia
Chairman

Pune : August 14, 2014

Regd. Off. : D1Block, Plot No.18/2, MIDC, Chinchwad, Pune - 411019.

KINETIC ENGINEERING LIMITED

ANNEXURE TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE FOR THE 12 MONTHS PERIOD ENDED 31ST MARCH, 2014.

1. Corporate Governance Philosophy

Corporate Governance, in essence, is a set of systems and procedures which aims to ensure that the Company is managed to suit the best interest of all its stakeholders with an objective to maximize their wealth. The stakeholders may be Promoters, Shareholders, Customers, Lenders, Vendors, Government or Employees. The concept of Corporate Governance hinges on total transparency, integrity and accountability of the Management. Kinetic Engineering Limited (KEL) believes in total transparency in sharing all relevant information with all its stakeholders and the Company is quite confident that the information shared would in turn contribute to improve the overall performance of the Company and further would strengthen relationship of the Company with all above.

2. Board of Directors

2.1 Presently, the Board of the Company comprises nine members, out of which six are Non-Executive Directors and out of six Non-Executive Directors, four are Independent Directors. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the corporate world.

2.2 The Board is headed by an Executive Chairman.

2.3 The Composition of Directors on the Board of the Company is as under:

Category	No. of Directors	No. of Directors required under clause 49
Executive Directors	03	--
Non-Executive Directors	06	05
Independent Directors	04	4.5 (05)

2.4 The Category of Directors on the Board of the Company is as under:

Name of the Director	Category	No. of other Directorships* in Public Ltd. Companies	Committee positions+	
			Member	Chairman
Mr. A. H. Firodia	Promoter/ Executive	6	Nil	Nil
Mr. Ajinkya Firodia	Promoter / Executive	4	Nil	Nil
Mrs. S. F. Motwani	Promoter/Executive	3	Nil	Nil
Mr. H. Bhatia	Nominee	2	Nil	Nil
Mr. Ashish Kumar	Nominee	2	2	Nil
Dr. N. A. Kalyani**	Independent	1	Nil	Nil
Mr. J. H. Munot	Independent	2	Nil	Nil
Dr. K. H. Sancheti	Independent	Nil	Nil	Nil
Mr. S. R. Sanghi	Independent	2	1	2
Mr. S. R. Kotecha	Independent	Nil	Nil	Nil

* Excludes Directorship in private limited companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956 and Directorship in Kinetic Engineering Limited.

** upto 24.08.2013

+ Committees considered are Audit Committee and Stakeholders Relationship Committee in Public Companies excluding of Kinetic Engineering Limited.

2.5 None of the Directors of the Company holds membership of more than 10 Board Committees or holds Chairmanship of more than 5 Board Committees.

2.6 Attendance of Directors at Board Meetings and at the last Annual General Meeting:

During the 12 months period ended 31st March, 2014 (hereinafter referred to as 'the period under review'), 5 Board Meetings were held on 28th May, 2013, 14th August, 2013, 12th November, 2013, 31st January, 2014, 27th February, 2014. The maximum time gap between any two Board Meetings was not more than four months. The details of Attendance of Directors at the Board Meetings and at the last Annual General Meeting are as hereunder:

Name of the Director	Board Meetings held during the tenure of the Director	Board Meeting Attended	Attendance at the last AGM held on 28/09/2013
Mr. A. H. Firodia	5	5	Present
Dr. N. A. Kalyani	2	0	Absent
Mr. Jinendra H. Munot	5	4	Absent
Dr. K. H. Sancheti	5	0	Absent
Mr. S. R. Sanghi	5	2	Absent
Mr. S. R. Kotecha	5	5	Present
Mr. Ajinkya Firodia	5	5	Present
Mrs. Sulajja Firodia Motwani	5	5	Present
Mr. Ashish Kumar	5	4	Present
Mr. Harjit Singh Bhatia	5	0	Absent

The Board reviews Compliance Report of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.

2.7 Pecuniary relationship or transactions of Non-Executive Directors: Nil

2.8 Code of Conduct

The Board of Directors has laid down Code of Conduct, for Board Members and designated Senior Management and Employee of the Company. These Codes have been posted on the Company's website <http://www.kineticindia.com/>. All Board Members and Senior Management personnel have affirmed compliance with these Codes of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

3. Audit Committee

3.1 Brief description of Terms of Reference

To oversee the Company's financial reporting process, to review Directors' Responsibility Statement, changes, if any, in accounting policies and reasons for the same, qualifications in the draft audit report, performance of statutory and internal auditors, reports of the Company's internal auditors, cost auditor and financial statements audited by the statutory auditors and also to review the information relating to Management Discussion and Analysis of financial conditions and results of operations, statement of significant related party transactions, management letter(s) of internal control weaknesses, if any, issued by statutory auditors.

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3.2 Composition, Name of Members and Chairman:

Name of the Director	Category	Status
Mr. S. R. Kotecha	Independent	Chairman
Mr. J. H. Munot	Independent	Member
Dr. K. H. Sancheti	Independent	Member
Mr. Ashish Kumar	Nominee	Member

3.3 Meetings and attendance during the period under review:

During the 12 months period ended on 31st March, 2014, 4 Meetings of the Audit Committee were held on 28th May, 2013, 14th August, 2013, 12th November, 2013, 27th February, 2014. Details of attendance of the Members at the meeting were as follows:

Name of Director	No. of Meetings attended
Mr. S. R. Kotecha	4
Mr. J. H. Munot	3
Mr. K. H. Sancheti	0
Mr. Ashish Kumar	3

The Head of Finance Department, Internal Auditors, Statutory Auditors, and other Senior Executives members of the Company are also invited to attend the Audit Committee. The Company Secretary acts as Secretary to the Committee.

4. Nomination and Remuneration Committee (formerly termed as Remuneration Committee)

4.1 Brief description of Terms of reference

In accordance with Section 178 of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on April 7, 2014, have approved the change in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and have revised their role as under:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devising a policy on Board diversity;

4.2 Composition

Name of the Director	Category	Status
Mr. S. R. Kotecha	Independent	Chairman
Dr. K. H. Sancheti	Independent	Member
Mr. J. H. Munot	Independent	Member

4.3 Remuneration Policy

For the purpose of fixing the amount of remuneration of Executive Directors, the Remuneration Committee takes into account various factors viz. remuneration package offered to Senior Directors in the automobile and engineering industry, trends in industry, financial position of the Company, performance of the Executive Directors, their qualifications, experience and past remuneration, terms of employment, etc. The components of remuneration include Basic Salary, Allowances, Perquisites and Retirement Benefits.

4.4 Details of Remuneration

Details of Remuneration (fixed) paid to Executive Directors during the 12 months period ended on 31st March, 2014 are as follows:

Particulars	Mr. A. H. Firodia Chairman	Mrs. S. F. Motwani Vice Chairperson	Mr. Ajinkya Firodia Managing Director
Basic Salary (Rs.)	300000	2400000	2395800
Allowances (Rs.)	--	994992	798600
Conveyance (Rs.)	--	360000	--
Perquisites (Rs.)	--	--	115000
Other	45000	360000	2503370
Retirement Benefits (Rs.)	36000	288000	287496
Total	381000	4402992	6100266

All the above remuneration was fixed/ varies with respect to time-scale. The above mentioned Chairman, Vice Chairperson and the Managing Director were appointed for a period of 5 years. Terms of appointment of above Chairman, Vice Chairperson and Managing Director do not provide for any notice period or severance fee. The Company has filed relevant form with the Central Government, seeking approval for the remuneration fixed for the Chairman, Vice Chairperson and the Managing Director and the same is awaited from Ministry of Corporate Affairs.

Non-Executive Directors of the Company are paid sitting fees @ Rs. 2,000 per meeting of the Board or Committee thereof attended by them besides re-imburement of expenses on traveling etc. No commission is being paid to Non-Executive Directors.

Details of Sitting Fees paid to Non-Executive Directors for attending Board/ Committee Meetings and their shareholding in the Company during the period ended on 31st March, 2014, are as follows:

Name of Non-Executive Director	Sitting Fees (Rs.)	No. of Shares held in the Company
Dr. N. A. Kalyani	Nil	Nil
Mr. J. H. Munot	14000	28712
Dr. K. H. Sancheti	Nil	305
Mr. S. R. Sanghi	Nil	Nil
Mr. S. R. Kotecha	18000	16,655
Mr. Ashish Kumar	Nil	Nil
Mr. Harjit Bhatia*	Nil	Nil
Total	32000	45672

5. Stakeholders Relationship Committee (formerly termed as Shareholders' Grievance Committee)

Shareholders' Grievance Committee consists of Mr. S. R. Kotecha as its Chairman and Mr. J. H. Munot, Dr. K. H. Sancheti as Members, to look into redressing of shareholders complaints with respect to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend etc. During the period under review, no meeting of Shareholders' Grievance Committee was held.

No. of shareholders complaints received during the period under review	:	Nil
No of complaints not resolved to the satisfaction of the shareholders	:	None
No. of pending Complaints as on 31st March, 2014	:	Nil

During the 12 months under review the Company has dispatched share certificates within the period of 15 days.

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6. Compliance Officer

Mr. Pranvesh Tripathi, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchange.

7. Annual General Meetings

The details of the last three Annual General Meetings of the Company are as hereunder:

Year	Date	Time	Venue	Whether Special Resolution Passed or not
31st March, 2013	28th September, 2013	11.00 a.m.	D-1 Block, Plot No18/2, MIDC, Chinchwad, Pune - 411019	Yes
31st March, 2012	26th September, 2012	11.00 a.m.	D-1 Block, Plot No18/2, MIDC, Chinchwad, Pune - 411019	No
31st March, 2011	25th August, 2011	11.00 a.m.	D-1 Block, Plot No18/2, MIDC, Chinchwad, Pune - 411019	No

During the last Financial Year, no special resolution was passed by postal ballot.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

8. Disclosures

- (i) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or management, their subsidiaries or relatives etc. that may have potential conflict with interests of Company at large :

Normal trade transactions were entered into by the Company with the related parties. The Executive Directors are paid remuneration. The disclosures on related party transactions as per Accounting Standard 18 notified in the Companies (Accounting Standard) Rules, 2006, are given in Note No. 21 in Notes Forming part of the Accounts for the year ended on 31st March, 2014.

- (ii) There were no penalties, nor any strictures imposed on the Company by SEBI or any Statutory authority, on any matter related to capital markets, except penalty imposed by BSE for holding of Board Meeting beyond 45 days for December, 2013 Quarter.
- (iii) Company has in place a Suggestion Box system for free communication between workers, staff and management. No employee has been denied access to the Audit Committee.
- (iv) Company has complied with all mandatory requirements of clause 49 of Listing Agreement in respect of Corporate Governance.
- (v) The status of implementation of non-mandatory requirements on Corporate Governance recommended under clause 49 of the Listing Agreement is as under:
The Board has set up Nomination and Remuneration Committee comprising of 3 non-executive Independent directors.

9. Means of Communication

The Company's Unaudited Quarterly Financial Results were published in 'ASIANAGE' and 'LOKSATTA' newspapers. The results are also displayed on Corporate Website - www.kineticindia.com. No presentation was made to Institutional Investors or Analysts.

Management Discussion and Analysis is forming part of Directors' Report.

10. General Shareholders Information

The 43rd Annual General Meeting is proposed to be held on **29. 09. 2014 at 11:00 a.m. at the Registered Office of the Company at D-1 Block, Plot No.18/2, MIDC, Chinchwad, Pune - 411019**, for adopting the Audited Accounts for the period ended **31.3.2014**.

Dates of Book-Closure:

27. 09. 2014 to 29. 09. 2014 (both days inclusive).

Dividend Payment Date:

The Directors have not recommended any Dividend for the 12 months period ended on 31st March, 2014.

Listing of Shares on Stock Exchanges:

The shares of the Company are listed on Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai - 400 001.

Payment of Listing Fees:

Annual listing fee for the year 2014-15 (as applicable) has been paid by the Company to the stock exchange.

Stock Code and ISIN:

BSE (Equity Shares)

: 500240

ISIN for equity shares

: INE266B01017.

Market Price Data (Source: Official Website of BSE – www.bseindia.com):

Month & Year	KEL Share Price			BSE Sensex		
	High (Rs.)	Low (Rs.)	Close (Rs.)	High	Low	Close
April, 2013	60.40	50.15	54.55	19,622.68	18,144.22	19,504.18
May, 2013	56.00	51.85	55.00	20,443.62	19,451.26	19,760.30
June, 2013	55.00	52.30	52.30	19,860.19	18,467.16	19,395.81
July, 2013	52.50	47.55	52.50	20,351.06	19,126.82	19,345.70
August, 2013	50.00	47.50	49.85	19,569.20	17,448.71	18,619.72
September, 2013	65.00	52.30	65.00	20,739.69	18,166.17	19,379.77
October, 2013	77.40	61.80	77.40	21,205.44	19,264.72	21,164.52
November, 2013	79.00	71.35	78.00	21,321.53	20,137.67	20,791.93
December, 2013	74.15	38.25	40.00	21,483.74	20,568.70	21,170.68
January, 2014	45.90	36.55	38.30	21,409.66	20,343.78	20,513.85
February, 2014	38.75	33.50	38.75	21,140.51	19,963.12	21,120.12
March, 2014	44.75	37	39.45	22,467.21	20,920.98	22,386.27

KINETIC ENGINEERING LIMITED

Registrars and Transfer Agents:

The Company's equity shares are compulsorily traded in Demat mode and hence transferable through the depository system. Link Intime India Pvt Limited, Akshay Complex, Block No.202, 2nd floor, Dhole Patil Road, Pune-411001 have been appointed as Company's Registrars and Transfer Agent as per SEBI's Circular for appointment of Common Agency to carry physical and electronic share registry work.

Share Transfer System:

All the transfers received are processed by the Registrars and Transfer Agent and approved by the Authorised Directors/ Company Secretary of the Company. The share transfers, which are received in physical form, are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

Distribution of Shareholding as on 31st March, 2014

Slab of Shareholding (Rs.)	No. of Shareholders	% to No. of Shareholders	Amount (Rs.)	% to paid-up capital
Upto 5,000	23717	96.81	13032290	9.61
5,001-10,000	421	1.72	2903280	2.14
10,001-20,000	165	0.67	2301480	1.70
20,001-30,000	56	0.23	1375120	1.01
30,001-40,000	26	0.11	909970	0.67
40,001-50,000	20	0.08	897720	0.66
50,001-1,00,000	39	0.16	2662260	1.96
1,00,001 and above	55	0.22	111576380	82.25
Total	24499	100.00	135658500	100

Shareholding Pattern as on 31st March, 2014

	Category	No. of Shares	%
A.	Shareholding of Promoter & Promoter Group		
	1 Indian	7323958	53.99
	2 Foreign	-	-
	Sub Total (1)	7323958	53.99
B.	Public Shareholding Institutions:		
	1 a) Mutual Funds / UTI	694	0.01
	b) Financial Institutions / Banks	143087	1.06
	c) Insurance Companies	0	0.00
	d) Foreign Institutional Investors	256	0.00
	Sub Total (2)	144037	1.07
2	Non-Institutions		
	a) Bodies Corporate	1063604	7.84
	b) Individuals	3024666	22.30
	c) Clearing Members	70176	0.52
	d) NRI / NRN	118105	0.86
	e) Foreign Companies	1820682	13.42
	f) OCB	342	0.00
	g) Trusts	280	0.00
	Sub Total (3)	6097855	44.94
	GRAND TOTAL [(1)+(2)+(3)]	13565850	100.00

Dematerialisation of Shares

The Company shares are compulsory traded in dematerialised form. As on 31st March, 2014 the details of the shares of the Company held in physical and demat form are given below:

	No. of Shares	% to the Capital
Shares held in Physical Form	1668294	12.30
Shares held in Demat Form - NSDL	11024944	81.27
Shares held in Demat Form - CDSL	872612	6.43
TOTAL	13565850	100.00

The Company has not issued any GDRs / ADRs.

Warrants / other convertible securities outstanding at the end of the financial year :

Allotted on 14/02/2008 Foreign Currency Convertible Bonds (FCCBs) of the value of USD 18 million (Rs. 7066.80 lakh). The Bond holders have exercised the option of redemption of the FCCB in February 2014. Discussion with Bond holders is going on for settlement of liability.

Plant Locations :

The Company's plant is located at Ahmednagar (Maharashtra).

Address for correspondence:

Shareholder's correspondence may be addressed to the registrars Link Intime India Pvt. Limited, Block No. 202, Akshay Complex, 2nd floor, Dhole Patil Road, Pune - 411001. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants. Investor grievances, queries, etc. can be additionally marked to **kelinvestors@kineticindia.com**

Declaration by the Managing Director under Clause 49(I)(D)

"Pursuant to Clause 49 (I) (D) of the Listing Agreement with the Stock Exchanges, I hereby declare that all Board Members and Senior Management Personnel of the Company have affirmed Compliance with the relevant provisions of the Code of Conduct of the Company for the 12 months period ended 31st March, 2014."

Certificate by Managing Director and Finance Head under Clause 49(V)

Certificate by the Managing Director and Finance Head, has been furnished to the Board of Directors of the Company, as required under the Clause 49(V) of the Listing Agreement.

For Kinetic Engineering Limited

A. H. Firodia
Chairman

Place : Pune

Date : 14th August, 2014

KINETIC ENGINEERING LIMITED

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Shareholders of Kinetic Engineering Limited,

We have examined the compliance of conditions of Corporate Governance by Kinetic Engineering Limited for the Financial Year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange/s in India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the said company. Our examination was limited to procedures and implementations thereof adopted by the said company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the said company.

In our opinion and to the best of our information and explanations given to us, we certify that the said company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the said company nor the efficiency nor the effectiveness with which the management of the said company has conducted its affairs.

For **M/s. P G BHAGWAT**
Chartered Accountants

Sandeep Rao
Partner

M. No. 47235
Firm Reg. No. 101118W

Pune: 14th August, 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KINETIC ENGINEERING LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of Kinetic Engineering Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to following matters referred to in the Notes and Notes forming part of Accounts:

Note No. 19 describing the basis of the company's ability to continue as a Going Concern.

Note No.A-22 relating to Managerial remuneration, which is subject to approval of Central Govt.

KINETIC ENGINEERING LIMITED

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M/S P. G. Bhagwat,**
Chartered Accountants,
Firm's Registration Number 101118W.

Sandeep Rao
Partner
Membership No. 47235

Pune: 24th May, 2014

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) In our opinion, the company has not disposed off a substantial part of its Fixed Assets during the period so as to affect the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) (a) The Company has not granted any loan to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) Clause (iii) (b) is not applicable as no loans have been granted to the parties covered under (iii) (a).
- (c) Clause (iii) (c) is not applicable as no loans have been granted to the parties covered under (iii) (a).
- (d) Clause (iii) (d) is not applicable as no loans have been granted to the parties covered under (iii) (a).
- (e) The company has taken unsecured loans from three companies and two parties covered in the register maintained under section 301 of The Companies Act 1956. The details of the unsecured loans taken are as under:

(Rs. in Lakhs)

Opening Balance	Accepted during the period / Transferred on merger	Repaid during the period/ Adjusted during the year/ written back during the year	Closing balance
3302	797	7	4087

- (f) In our opinion, the rate of interest wherever applicable and the other terms and conditions of the unsecured loans taken by the company from the companies and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (g) In respect of the above unsecured loans, we were informed that there are no specific stipulations for repayment of the principal amount and the payment of interest wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us and on the basis of our examination, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of rupees five lakh in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

KINETIC ENGINEERING LIMITED

- (vi) According to the information and explanations given to us, during the period, the company has not accepted any deposits from the public to which the provisions of section 58A and 58AA or any other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply. As informed to us, no order has been passed by the Company Law Board, National Company Law Tribunal, RBI, any court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us, the Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacturing activities of the company. We were informed that the maintenance of cost records is in process.
- (ix) (a) According to the records of the company, there are delays in depositing undisputed statutory dues of Provident Fund, Employees' State Insurance, Income-tax and Investor Education and Protection Fund with the appropriate authority and as such the company is not regular in depositing the same. According to the information and explanations given to us, undisputed statutory dues in respect of Income Tax deducted at source amounting to Rs.5.60 Lakhs, Provident Fund amounting to Rs.6.96 Lakhs and Investor Education Protection Fund amounting to Rs. 0.28 Lakhs (Rs. 0.28 Lakhs were deposited on 30th April 2014) were in arrears as at 31.03.2014 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, following are the details of disputed dues of, income tax, sales tax, custom duty and excise duty, which have not been deposited and the forum where such dispute is pending.

Statement of disputed dues:

(Rs. in Lakhs)

Nature of dues	Amount	Forum where dispute is pending.
Income Tax, AY 2000-01	1.29	Income Tax Appellate Tribunal, Pune
Income Tax AY 2007-08	1455.65	CIT Appeals, Pune
Income Tax AY 2009-10	186.12	CIT Appeals, Pune
West Bengal Sales Tax, Central Sales Tax AY 2001-02, 2002-03.	6.92	Deputy Commissioner of Sales Tax, Kolkata.
CST(Pune) 2005-06	65.35	Commissioner Sales Tax, Pune
CST (Supa Unit) 2002-03	83.21	Commissioner sales Tax, Nashik
CST (Supa Unit) 2003-04	32.96	Commissioner sales Tax, Nashik
CST (Supa Unit) 2004-05	21.46	Commissioner sales Tax, Nashik
CST 2006-07	9.50	Commissioner sales Tax, Pune
CST 1994-95, 99-2000, 2000-01, 2002-03	105.76	Appellate Dy. Comm. Commercial Tax, Indore
CST 1998-99, 2001-02	27.27	MP Commercial Tax Tribunal, Bhopal
Sales Tax Kolkatta 2001-02	0.60	Sales Tax Tribunal, Kolcutta
Entry Tax 1994-95, 95-96, 2007-08	8.41	Dy. Comm. Commercial Tax, Indore
MP Commercial Tax 1998-99	1.88	MP Commercial Tax Tribunal, Bhopal
MP Commercial Tax 1999-00, 2007-08, 08-09	14.12	Appellate Dy. Comm. Commercial Tax, Indore
CST 2000-01, 2001-02	41.44	MP Commercial Tax Tribunal, Bhopal
Excise Duty	308.05	CESTAT Mumbai
Excise Duty	166.37	Appellate Tribunal

- (x) The accumulated losses of the company as at the end of the financial year are not less than 50% of its net worth. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) During the period the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The company has applied the Term Loan for the purpose for which the same was raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, we are of the opinion that the funds raised on short term basis amounting to Rs. 7129.87 Lakhs have been used for long term investments including losses.
- (xviii) The company has not made preferential allotment of shares during the year.
- (xix) During the period covered by our audit report, the company has not issued any secured debentures and there are no Debentures outstanding as on the date of Balance Sheet.
- (xx) The company has not raised any money by public issues during the period.
- (xxi) According to the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **M/S P. G. Bhagwat,**
Chartered Accountants,

Sandeep Rao
Partner
Membership No. 47235
Firm Registration No. 101118W

Pune: 24th May, 2014.

KINETIC ENGINEERING LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

Rupees in Lacs

Particulars	Note No.	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
I. EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share capital	A-1	4,820.11	4,820.11
(b) Reserves and surplus	A-2	-6,478.33	2,186.75
(c) Money received against share warrants		-	-
		<u>-1,658.23</u>	<u>7,006.86</u>
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	A-3	5,253.25	4,233.83
(b) Deferred tax liabilities (Net)	A-4	-	-
(c) Other long term liabilities	A-5	-	-
(d) Long-term provisions	A-6	464.80	457.68
		<u>5,718.05</u>	<u>4,691.51</u>
4 Current liabilities			
(a) Short-term borrowings	A-7	2,037.03	3,559.21
(b) Trade payables		2,284.97	3,387.36
(c) Other current liabilities	A-8	17,597.35	12,878.41
(d) Short-term provisions	A-9	222.22	229.14
		<u>22,141.57</u>	<u>20,054.12</u>
TOTAL		<u>26,201.40</u>	<u>31,752.49</u>
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	A-10	10,164.47	9,961.00
(ii) Intangible assets	A-10	-	-
(iii) Capital work-in-progress		0.00	183.76
(iv) Intangible assets under development		-	-
(b) Non-current investments	A-11	48.17	14,736.17
(c) Deferred tax assets (net)	A-4	-	-
(d) Long-term loans and advances	A-12	977.06	1,150.83
(e) Other non-current assets	A-13	-	-
		<u>11,189.70</u>	<u>26,031.77</u>
2 Current assets			
(a) Current investments	A-11	11,312.48	688.12
(b) Inventories	A-14	1,634.14	1,746.88
(c) Trade receivables	A-15	1,772.23	2,947.78
(d) Cash and bank balances	A-16	64.53	87.55
(e) Short-term loans and advances	A-17	223.67	245.70
(f) Other current assets	A-18	4.65	4.69
		<u>15,011.70</u>	<u>5,720.72</u>
TOTAL		<u>26,201.40</u>	<u>31,752.49</u>

The notes referred to above and other notes form an integral part of the Balance Sheet and Profit and Loss Account Statement

As per our report of even date attached
For **M/s P.G. Bhagwat**
Chartered Accountants

Sandeep Rao
Partner
Pune
24th May, 2014

Ravindra Yadav
Company Secretary

For and on behalf of the Board of Directors
A. H. Firodia Chairman
S. F. Motwani Vice Chairperson
A. A. Firodia Managing Director

M. V. Tasgaonkar Chief Financial Officer

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Rupees in Lacs

Particulars	Note No.	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
I. Revenue from operations	A-19	5,732.10	8,021.60
II. Other income	A-20	367.64	650.65
III. Total Revenue (I + II)		6,099.73	8,672.25
IV. Expenses:			
Cost of materials consumed	A-21	3,486.03	5,457.08
Purchases of Stock-in-Trade			
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	A-21	-72.63	95.61
Employee benefits expense	A-22	1,707.32	1,776.53
Finance costs	A-23	920.81	912.31
Depreciation and amortization expense	A-10	999.72	948.87
Less: Transfer from General Reserve		73.72	89.69
		926.00	859.18
Other expenses	A-24	2,194.36	2,551.77
		9,161.90	11,652.48
Less: Expenses Capitalised		152.37	114.95
Total expenses		9,009.52	11,537.53
V. Profit before exceptional and extraordinary items and tax (III-IV)		-2,909.79	-2,865.28
VI. Exceptional items Income (Net)	A-25	-2,990.40	1,508.46
VII. Profit before extraordinary items and tax (V + VI)		-5,900.19	-1,356.82
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		-5,900.19	-1,356.82
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Income tax provision for earlier years		-	-
		-	-
XI. Profit (Loss) for the period from continuing operations (IX-X)		-5,900.19	-1,356.82
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		-5,900.19	-1,356.82
XVI. Earnings per equity share having nominal value of Rs. 10/- per share			
(1) Basic		(44.72)	(11.43)
(2) Diluted		(44.72)	(11.43)

The notes referred to above and other notes form an integral part of the Balance Sheet and Profit and Loss Account Statement

As per our report of even date attached
For **M/s P.G. Bhagwat**
Chartered Accountants

Sandeep Rao
Partner
Pune
24th May, 2014

Ravindra Yadav
Company Secretary

For and on behalf of the Board of Directors
A. H. Firodia Chairman
S. F. Motwani Vice Chairperson
A. A. Firodia Managing Director

M. V. Tasgaonkar Chief Financial Officer

KINETIC ENGINEERING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before Tax and extraordinary items	(5,900.19)	(1,356.82)
Adjustment for :	-	-
Depreciation / Amortisation	926.00	859.18
Provision for Doubtful Debts / advances	6.87	25.88
Bad debts / advances / claims written off	215.96	340.81
(Profit) / Loss on Sale of Investment (Net)	2,653.25	-
(Profit) / Loss on Sale / Scrapping of Assets (Net)	(52.46)	29.57
Interest and Financial Charges (Net)	913.17	895.87
Gain on waiver of loan	-	(1,600.00)
Dividend Received	(6.52)	(32.83)
Excess provision / credit balances written back	(155.97)	(411.08)
Income from units	-	(0.19)
Unrealised Exchange difference loss / (gain)	482.36	164.90
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(917.55)	(1,084.71)
Adjustment for :	-	-
Inventories	112.74	231.82
Trade and Other Receivables	1,167.76	21.67
Trade Payables	1,738.04	782.71
CASH GENERATED FROM OPERATIONS	2,101.00	(48.51)
Interest and Financial Charges	(795.89)	(823.75)
Direct Taxes	9.09	81.33
NET CASH FROM OPERATING ACTIVITIES	1,314.20	(790.93)
B. CASH FLOW FROM INVESTING ACTIVITIES	-	-
Purchase of Fixed Assets	(741.33)	(192.99)
Sale of Fixed Assets	541.31	8.77
Purchase / Sale of Investments (Net)	1,410.39	(686.02)
Interest Received	7.68	15.96
Dividend Received	6.52	32.83
Income from units	-	0.19
NET CASH FROM INVESTING ACTIVITIES	1,224.58	(821.26)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES	-	-
Redemption premium paid	(2,891.75)	(150.00)
Proceeds from Long Term Borrowings	1,902.85	106.07
Proceeds from Short Term Borrowings	(1,522.18)	1,653.14
NET CASH FROM FINANCING ACTIVITIES	(2,511.09)	1,609.21
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	27.69	(2.98)
Opening Cash and Cash Equivalents	31.71	34.69
Closing Cash and Cash Equivalents	59.40	31.71

1. The figures in the cash flow are based on or have been derived from the annual financial statements of the Company.
2. Figures in the bracket represent outflow of cash and cash equivalents.
3. Cash and cash equivalents comprises of:

	March 31, 2014	March 31, 2013
Cash and cheques on hand	0.53	0.31
Balances with banks	58.87	31.40
	59.40	31.71

As per our report of even date attached
For **M/s P.G. Bhagwat**
Chartered Accountants

Sandeep Rao
Partner
Pune
24th May, 2014

Ravindra Yadav
Company Secretary

For and on behalf of the Board of Directors
A. H. Firodia Chairman
S. F. Motwani Vice Chairperson
A. A. Firodia Managing Director
M. V. Tasgaonkar Chief Financial Officer

KINETIC ENGINEERING LIMITED

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
Note : A-1		
SHARE CAPITAL		
Authorised		
5,30,13,932 (5,30,13,932) Equity Shares of Rs.10/- each	5,301.39	5,301.39
1,50,00,000 (1,50,00,000) Redeemable Non Convertible Non Cumulative Preference Shares of Rs.10 each	1,500.00	1,500.00
15,07,400 (15,07,400) Optionally Convertible Cumulative Preference Shares of Rs.156/- each	2,351.54	2,351.54
3,20,500 (320,500) Redeemable Cumulative Preference Shares of Rs. 156/- each.	499.98	499.98
19,23,080 (19,23,080) Compulsorily Convertible Cumulative Preference Shares of Rs 156/- each	3,000.00	3,000.00
5,24,560 (5,24,560) Unclassified Shares of Rs.10/- each	52.46	52.46
5,30,000 (5,30,000) Convertible Cumulative Preference Shares of Rs. 65/- each	344.50	344.50
30,85,500 (30,85,500) Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	2,005.58	2,005.58
18,53,650 (18,53,650) 8.5% New Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	1,204.87	1,204.87
7,70,000 (7,70,000) Redeemable Cumulative Preference Shares of Rs.65/- each	500.50	500.50
5,00,000 (5,00,000) Redeemable Cumulative Preference Shares of Rs.100/- each	500.00	500.00
59,09,090 (59,09,090) 8.5% Optionally Convertible cumulative Preference Shares of Rs 22/- each	1,300.00	1,300.00
1,03,00,000 (1,03,00,000) New Redeemable Preference Shares of Rs 10/- each	1,030.00	1,030.00
	19,590.83	19,590.83
Issued		
13,565,850 (1,03,71,968) Equity Shares of Rs.10/- each	1,356.59	1,037.20
1,50,00,000 (1,50,00,000) Redeemable Non Convertible Non Cumulative Preference Shares of Rs.10 each	1,500.00	1,500.00
830,154 (Nil) Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	539.60	-
1,02,000 (1,02,000) Optionally Convertible Cumulative Preference Shares of Rs. 156/- each	159.12	159.12
1,176,650 (Nil) 8.5% New Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	764.82	-
3,20,500 (3,20,500) Redeemable Cumulative Preference Shares of Rs. 156/- each.	499.98	499.98
	4,820.11	3,196.30
Subscribed & Fully Paid up		
13,565,850 (1,03,71,968) Equity Shares of Rs.10/- each	1,356.59	1,037.20
1,50,00,000 (1,50,00,000) Redeemable Non Convertible Non Cumulative Preference Shares of Rs.10 each	1,500.00	1,500.00
1,02,000 (1,02,000) Optionally Convertible Cumulative Preference Shares of Rs. 156/- each	159.12	159.12
3,20,500 (3,20,500) Redeemable Cumulative Preference Shares of Rs. 156/- each.	499.98	499.98
830,154 (Nil) Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	539.60	-
1,176,650 (Nil) 8.5% New Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	764.82	-
Shares Capital Suspense	-	1,623.81
Total	4,820.11	4,820.11

Notes to Accounts

Particulars	Figures as at the end of current reporting period ending on March 31, 2014		Figures as at the end of previous reporting period ending on March 31, 2013	
	Number	Rupees in Lacs	Number	Rupees in Lacs
a) Reconciliation of share capital				
Equity Share Capital:				
Shares outstanding at the beginning of the year	10,371,968	1,037.20	10,371,968	1,037.20
Shares Issued during the year	3,193,882	319.39	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	13,565,850	1,356.59	10,371,968	1,037.20
Redeemable Non Convertible Non Cumulative Preference Share Capital:				
Shares outstanding at the beginning of the year	15,000,000	1,500.00	15,000,000	1,500.00
Shares Issued during the year	-	-	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	15,000,000	1,500.00	15,000,000	1,500.00
Optionally Convertible Cumulative Preference Share Capital:				
Shares outstanding at the beginning of the year	102,000	159.12	102,000	159.12
Shares Issued during the year	-	-	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	102,000	159.12	102,000	159.12
Optionally Convertible Cumulative Preference Share Capital:				
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	830,154	539.60	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	830,154	539.60	-	-
Redeemable Cumulative Preference Share Capital:				
Shares outstanding at the beginning of the year	320,500	499.98	320,500	499.98
Shares Issued during the year	-	-	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	320,500	499.98	320,500	499.98
8.5% New Optionally Convertible Cumulative Preference Share Capital:				
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	1,176,650	764.82	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	1,176,650	764.82	-	-

KINETIC ENGINEERING LIMITED

Notes to Accounts

Particulars	Figures as at the end of current reporting period ending on March 31, 2014		Figures as at the end of previous reporting period ending on March 31, 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding

b) Details of share holders holding more than 5% shares

Equity Share Capital:

(a) Pinebridge Asia Partners II L.P.	1,195,562	8.81%	1,195,562	11.53%
(b) Reliance Capital Limited	715,000	5.27%	715,000	6.89%
(c) Arun H. Firodia	1,139,667	8.40%	1,048,372	10.11%
(d) Jayashree A. Firodia	3,166,781	23.34%	3,164,988	30.51%
(e) Microage Instruments Private Limited	1,849,845	13.64%	1,582,633	15.26%
(f) Ajinkya Holdings Private Limited	1,139,000	8.40%	-	0.00%

Redeemable Non Convertible Non Cumulative Preference Share Capital:

(a) Ashadeep Properties Private Limited	15,000,000	100.00%	15,000,000	100.00%
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Optionally Convertible Cumulative Preference Share Capital:

(a) Microage Instruments Private Limited	102,000	100.00%	102,000	100.00%
(b) Microage Instruments Private Limited	830,154	100.00%	-	0.00%

Redeemable Cumulative Preference Share Capital:

(a) Microage Instruments Private Limited	320,500	100.00%	320,500	100.00%
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8.5% New Optionally Convertible Cumulative Preference Share Capital:

(a) Microage Instruments Private Limited	1,176,650	100.00%	-	-
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c) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	Rupees in Lacs	No. of Shares	Rupees in Lacs
Shares reserved for ESOS scheme	NIL	NIL	NIL	NIL

d) Shares allotted for consideration other than cash and shares bought back

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash (Pursuant to a scheme of Arrangement)	3,193,882	-	-	-	1,782,774
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back (Cancelled pursuant to a scheme of Arrangement)	-	-	-	-	29,341
Preference Shares :					
Fully paid up pursuant to scheme of amalgamation without payment being received in cash	2,006,804	-	-	-	-

Notes to Accounts

Particulars	March 31, 2014	March 31, 2013
e) Unpaid calls		
By Directors	NIL	NIL
By Officers	NIL	NIL

f) Other details

1. The company has only one class of equity shares, having par value of Rs. 10 per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
2. Out of above Equity shares 18,85,450 (18,85,450) Equity Shares allotted as fully paid up Bonus Shares on Capitalisation of the General Reserve
3. Out of above Equity Shares 36,700 (36,700) Equity Shares allotted under Employee Stock Option Scheme.
4. Redeemable Non Convertible Non Cumulative Preference Shares have been agreed to be redeemable on 30.09.2013. Redemption premium @ 10.00 % p.a. is payable at the time of redemption. These shares are not entitled to any dividend.
5. Each Optionally Convertible Cumulative Preference Share (OCCPS) is convertible into one fully paid up equity share of the face value of Rs. 10/- each at a premium of Rs. 146/- per share within 18 months from the date of allotment (i.e. 30.12.2006 w.r.t. 36,923 shares; and 11.1.2007 w.r.t. 65,077 shares) at the option of the allottee. The OCCPS shall carry a preferential right to be paid a fixed rate of dividend @ 1% p.a. due and payable on the date of their conversion into equity shares or such other date(s) as may be acceptable to allottee. If any OCCPS is not converted into equity shares, such unconverted preference shares shall carry preferential right to be paid a fixed rate of dividend @ 8.50% p.a. due and payable on the date of their redemption or such other date(s) as may be acceptable to the allottee and will be redeemed any time after expiry of a period of 5 years from the date of allotment at the option of the Company subject to necessary consent and approval. The option to convert has lapsed.
6. Redeemable Cumulative Preference Shares shall be redeemed at the option of the Company at any time after the expiry of a period of 5 years from the date of allotment i.e. 30.12.2006, subject to necessary consent or approval. They will carry a preferential right to be paid a fixed rate of dividend @ 8.50% p.a. due and payable on the date of their redemption or other date(s) as may be acceptable to the allottee.
7. Each Optionally convertible cumulative preference shares (OCCPS) is convertible into one fully paid up equity share of the face value of Rs.10/- each at a premium of Rs.55/- per share within a period of 18 months from the date of allotment (ie 18.09.2013) at the option of the allottee. The OCCPS shall carry a preferential right to be paid a fixed rate of dividend at 1% p.a. due and payable on the date of their conversion into equity shares or such other date(s) as may be acceptable to the allottee. If any OCCPS are not converted into equity shares, such unconverted preference shares shall carry preferential rights to be paid a fixed rate of dividend at 8.5% p.a. due and payable on the date of their redemption or such other date(s) as may be acceptable to the allottees and will be redeemed any time after the expiry of a period of 18 months from the date of allotment at the option of the allottee.
8. Each 8.5% new Optionally convertible cumulative preference shares (OCCPS) is convertible into one fully paid up equity share of the face value of Rs. 10/- each at a premium of Rs.55/- per share within a period of 18 months from the date of allotment (ie 18.09.2013) at the option of the allottee. The 8.5% new OCCPS shall carry a preferential right to be paid a fixed rate of dividend at 1% p.a. due and payable on the date of their conversion into equity shares or such other date(s) as may be acceptable to allottees. If any 8.5% new OCCPS are not converted into equity shares such unconverted preference shares shall carry preferential rights to be paid a fixed rate of dividend at 8.5% p.a. due and payable on the date of their redemption or such other date(s) as may be acceptable to the allottees and will be redeemed any time after expiry of a period of 18 months from the date of allotment at the option of the allotted.
9. Redeemable Cumulative Preference Shares shall be redeemed at the option of the Company at any time after the expiry of a period of 5 years from the date of allotment i.e. 30.12.2006, subject to necessary consent or approval. They will carry a preferential right to be paid a fixed rate of dividend @ 8.50% p.a. due and payable on the date of their redemption or other date(s) as may be acceptable to the allottee.

KINETIC ENGINEERING LIMITED

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
Note : A-2		
Reserves & Surplus		
(a) Capital Reserves	3,330.56	1,248.19
Add: On Merger	-	2,082.37
(b) Securities Premium Reserve		
Opening Balance	5,140.20	5,290.20
Add Written Back of Redemption Premium (Net)	-	-
Less Premium for Redemption of Preference Shares & FCCB	2,891.75	150.00
Closing Balance	<u>2,248.44</u>	<u>5,140.20</u>
(c) General Reserve		
Opening Balance	8,954.19	9,043.88
Less Adjustment for Depreciation	73.72	89.69
Closing Balance	<u>8,880.47</u>	<u>8,954.19</u>
(d) Special Reserve	0.46	0.46
(Amount reserved for issue of 4,550 (4,550) bonus shares kept in abeyance as per Section 206A of the Companies Act, 1956.)		
(d) Surplus		
Opening balance	-15,038.07	-13,681.25
Add Net Profit / (Loss) for the current year	-5,900.19	-1,356.82
Closing Balance	<u>-20,938.26</u>	<u>-15,038.07</u>
(e) Foreign Currency Monetary Item Translation Difference Account	-	-200.58
TOTAL	<u><u>-6,478.33</u></u>	<u><u>2,186.75</u></u>

Note : A-3

Long Term Borrowings

Secured

(a) Term Loans from Banks:		
Vehicle Loans	6.64	9.27
(b) Loans from related parties-Debentures	-	900.00

Unsecured

(a) Term Loans from Others	1,160.75	735.50
(b) Deferred Payment Liabilities		
Interest Free Sales Tax Loan	59.07	87.24
(c) Loans and advances from related parties	4,026.80	2,446.82
(d) Other Loans and Advances		
(i) Debentures	-	55.00

TOTAL	<u><u>5,253.25</u></u>	<u><u>4,233.83</u></u>
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Notes to Accounts

A.) Security:

- (i) Vehicle term loan from banks are secured by hypothecation of vehicle purchased against such term loan.

B.) Terms of Repayment:

- (i) Two vehicle loans are repayable by 36 EMIs of Rs. 0.37 Lac starting from 15.06.2011 and 60 EMIs of Rs. 0.23 Lac starting from 15.02.2013.

- (ii) Sales tax loan is repayable as under:

Due Date	Amount (Rs.)
(a) On 30.04.2015	2,603,132
(b) On 30.04.2016	2,099,921
(c) On 30.04.2017	1,203,663

- (iii) In respect of loans and advances taken from related parties, based on present mutual understanding with the lenders, the expected repayment would be made in next 6 years based on cash flow position of the company. Expected repayment within next 12 months Rs. 60 Lacs is shown under current maturities.

- (iv) Term loan from others includes gross amount of Loan of Rs. 1289.72 Lacs is repayable by 10 yearly instalment of Rs. 128.97 lacs starting from November, 2014.
-

KINETIC ENGINEERING LIMITED

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
Note : A-4		
Deferred Tax Liabilities (Net)		
(a) Deferred Tax Liabilities		
(i) On provision for depreciation	461.84	488.68
(ii) On other timing differences	-	-
	461.84	488.68
(b) Deferred Tax Assets		
(i) On disallowance under Section 43B & 40A of Income Tax Act,1961	224.90	222.84
(ii) On provision for doubtful debts	-	-
(iii) On disallowance under Section 35 DDA - VRS Expenses	28.96	55.98
(iv) On carried forward loss under Income Tax Act,1961	207.98	209.86
(v) On other timing differences	-	-
	461.84	488.68
<p>(Deferred tax asset in respect of carried forward losses is recognised only to the extent of balance deferred tax liability after taking into consideration deferred tax asset in respect of Income Tax disallowances.)</p>		
TOTAL	-	-

Note : A-5

Other Long Term Liabilities

(a) Trade Payables	-	-
(b) Others	-	-
(i) Premium payable on Redemption of Preference Shares / Debentures	-	-
TOTAL	-	-

Note : A-6

Long Term Provisions

(a) Provision for employee benefits		
(i) Gratuity	464.80	457.68
(ii) Leave Encashment	-	-
TOTAL	464.80	457.68

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
Note : A-7		
Short Term Borrowings		
Secured		
(a) Loans Repayable on Demand from Banks		
Cash Credit	1,008.17	1,014.55
(Cash credit from bank is secured by hypothecation of Stock and Debtors (excluding Tata Motors Ltd.) and pari-passu second charge on factory land and building at Ahmednagar.)		
(b) Buyers Credit from Banks	-	153.36
(Secured by way of lien on Fixed Deposit)		
Sub Total	1,008.17	1,167.92
Unsecured		
(a) Overdraft Facility from Bank	1,028.86	1,027.29
(b) Short Term Loan from Others	-	1,364.00
Sub Total	1,028.86	2,391.29
TOTAL	2,037.03	3,559.21

Note : A-8**Other Current Liabilities**

(a) Current maturities of long-term debt	13,213.94	11,308.12
(b) Interest accrued and due on borrowings	304.18	186.32
(c) Interest accrued but not due on borrowings	52.13	45.07
(d) Investor Education & Protection fund will be credited by the following amounts (as and when due).		
(i) Unpaid dividends (unclaimed)	0.02	0.02
(ii) Unpaid matured deposits and interest accrued thereon	0.20	0.20
(e) Other payables		
(i) Advance against Sales	48.89	84.09
(ii) VRS Payable	-	12.67
(iii) Premium payable on Redemption of Debentures / FCCB	3,657.29	820.27
(iv) Capital Creditors	24.02	20.09
(v) Other Liabilities (Including statutory dues, security deposit etc.)	296.67	400.53
(vi) Advance against Supa Land / Advance from customers	-	1.03
TOTAL	17,597.35	12,878.41

KINETIC ENGINEERING LIMITED

Note: Current maturities of long-term debt include Foreign Currency Convertible Bonds of USD 18,000,000 which were redeemable on 15th February, 2014, at a premium of 24.50%.

Continuing default as on the date of Balance Sheet:

- (i) Current maturities of long term debts which is overdue as on the date of Balance Sheet:
- (a) Term Loan from Reliance Capital Ltd. Of Rs.416.40 lacs.
 - (b) Foreign Currency Convertible Bonds of Rs.10,967.40 lacs.
-

Note : A-9

Short Term Provisions

(a) Provision for employee benefits		
(i) Gratuity (Funded)	150.27	150.27
(ii) Leave Encashment (unfunded)	71.96	78.88
TOTAL	222.22	229.14

Notes to Accounts

Note A-10 : FIXED ASSETS

Particulars	Tangible						In-tangible			Rupees in Lacs	
	Lease-hold Land **	Free-hold Land	Buildings	Machinery	Plant & Installation & Fittings	Dies, Jigs & Fixtures	Furniture Fix. & Equip-ments	Vehicles	Technical Know-howAs **		Balance As At 31st March, 2014
(1) GROSS BLOCK : OWNED ASSETS											
As At 31st March, 2013	618.31	2,080.00	3,084.34	17,393.66	197.42	5,667.13	334.69	63.34	594.39	30,579.40	29,250.92
Additions	-	-	-	1,419.76	0.94	239.61	24.97	-	-	1,692.03	811.12
Business Acquisition	-	-	-	-	-	-	-	-	-	-	574.69
Deductions	-	-	-	2,669.73	-	-	-	-	-	2,678.33	57.32
As At 31st March 2014	618.31	2,080.00	3,084.34	16,143.70	198.37	5,906.74	359.66	63.34	594.39	29,593.11	30,579.40
Depreciation / Amortisation											
Upto 31st March, 2013	11.11	-	2,632.59	11,232.77	151.94	5,150.79	291.90	32.73	594.39	20,618.41	19,671.92
For The Year 2013-2014	7.54	-	82.88	734.15	3.77	139.93	19.24	3.31	-	999.72	948.86
Business Acquisition	-	-	-	-	-	-	-	-	-	-	16.62
Deductions	-	-	-	2,180.88	-	-	-	-	-	2,189.49	18.99
Tot Dep/Amort Upto 31st Mar 2014	18.65	-	2,715.47	9,786.04	155.70	5,290.72	311.14	36.04	594.39	19,428.64	20,618.41
Net Block As At 31st Mar 2014	599.66	2,080.00	368.87	6,357.66	42.66	616.02	48.53	27.30	-	10,164.46	9,960.99
Net Block As At 31st March 2013	607.20	2,080.00	451.75	6,160.90	45.49	516.34	42.80	25.92	-	9,960.99	9,579.00
** Amortisation Charges For The Year Are In Respect Of Leasehold Land And Technical Know-how.											
(2) GROSS BLOCK : LEASED ASSETS											
As At 31st March 2013	-	-	-	4.07	-	-	-	-	-	4.07	4.07
Additions	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
As At 31st March 2014	-	-	-	4.07	-	-	-	-	-	4.07	4.07
Depreciation / Amortisation											
Upto 31st March, 2013	-	-	-	4.06	-	-	-	-	-	4.06	4.06
For The Year 2013-2014	-	-	-	0.00	-	-	-	-	-	0.00	0.00
Deductions	-	-	-	-	-	-	-	-	-	-	-
Tot Dep/Amort Upto 31st Mar 2014	-	-	-	4.06	-	-	-	-	-	4.06	4.06
Net Block As At 31st Mar 2014	-	-	-	0.01	-	-	-	-	-	0.01	0.01
Net Block As At 31st March 2013	599.66	2,080.00	368.87	6,357.67	42.66	616.02	48.53	27.30	-	10,164.47	9,961.00
Net Block As At 31st March 2013	607.20	2,080.00	451.75	6,160.91	45.49	516.34	42.80	25.92	-	9,961.00	9,579.01

NOTE :

1 Gross block includes revaluation of assets made in terms of Arrangement approved by 'Bombay High court as under

	Rs. In Lacs
a) Free Hold Land	2021.38
b) Building	2168.72
c) Lease hold land	441.13

2 Addition Includes Exchange Rate difference loss Rs.740.62/-

Notes to Accounts

Note :A-11

Non Current Investments

Rupees in Lacs

Particulars	Trade Investments		Other Investments		Total		Amount	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Long term investments								
(a) Investment in Equity instruments	32.80	14,720.80	15.13	15.13	47.93	14,735.93	1.34	1.34
(b) Investments in preference shares	0.00	0.00	0.00	0.00	0.00	0.00	46.83	14,734.83
(c) Investments in Government or Trust Securities	0.00	0.00	0.24	0.24	0.24	0.24	20.99	15.08
Total	32.80	14,720.80	15.37	15.37	48.17	14,736.17		

A. Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary /Associate / JV/ Controlled Entity/ Others	Face Value	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (Gross)			Provision for diminution in value of Investments	Amount (Net)		
				2014	2013			2014	2013	2014		2013	2014	2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
(a) Investment in Equity Instruments - at cost														
1	Athena Financial Services Limited	Associate	10.00	5,519,513	5,519,513	Quoted	Fully Paid	1,959.49	1,959.49	1,959.49	0.00	0.00		
2	Tata Motors Limited	Other	10.00	80	80	Quoted	Fully Paid	0.26	0.26	0.00	0.00	0.26		
3	Kinetic Communications Limited	Associate	10.00	16,000	16,000	Unquoted	Fully Paid	1.60	1.60	0.00	0.00	1.60		
4	Kinetic Escalator and Elevator Limited	Associate	10.00	36,000	36,000	Unquoted	Fully Paid	3.60	3.60	0.00	0.00	3.60		
5	Kinetic Marketing & Services Limited	Associate	10.00	253,400	253,400	Unquoted	Fully Paid	25.34	25.34	0.00	0.00	25.34		
6	Kinetic Motor Automotives Private Limited	Associate	10.00	20,000	20,000	Unquoted	Fully Paid	2.00	2.00	0.00	0.00	2.00		
7	Mahindra Two Wheelers Limited	Other	10.00	61,200,000	61,200,000	Unquoted	Fully Paid	14,688.00	14,688.00	0.00	0.00	14,688.00		
Total								1,992.29	16,680.29	1,959.49	32.80	14,720.80		
1	Athena Financial Services Limited	Associate	10.00	13196500	13196500	Unquoted	Fully Paid	131.97	1.37	131.97	1.37	0.00		
Total								131.97	1.37	131.97	1.37	0.00		
Total (A)								2,124.26	16,681.66	2,091.45	32.80	14,720.80		

B. Details of Other Investments											Rupees in Lacs							
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity/ Others	Face Value	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully Paid	Amount (Gross)			Provision for diminution in value of Investments			Amount (Net)					
							2014 (4)	2013 (5)	(6)	(7)	2014 (8)	2013 (9)	(10)	(11)	2014 (12)	2013 (13)	(13)	
(1)	(2)	(3)			(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)						
(a) Investment in Equity Instruments - at cost																		
1	Ashok Layend Limited	Others	1.00	500	Quoted	Fully Paid	0.11	0.11	0.00	0.00	0.11	0.11	0.00	0.00	0.11	0.11	0.00	0.00
2	Daewoo Motors (India) Limited (Formerly DCM Toyota Ltd.)	Others	10.00	50	Quoted	Fully Paid	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00
3	Eicher Limited	Others	10.00	39	Quoted	Fully Paid	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00
4	Eicher Motors Limited	Others	10.00	26	Quoted	Fully Paid	0.02	0.02	0.00	0.00	0.02	0.02	0.00	0.00	0.02	0.02	0.00	0.00
5	Escorts Limited	Others	10.00	50	Quoted	Fully Paid	0.05	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05	0.05	0.00	0.00
6	Hero Motocorp Limited (Formerly Hero Motors Limited)	Others	2.00	630	Quoted	Fully Paid	0.19	0.19	0.00	0.00	0.19	0.19	0.00	0.00	0.19	0.19	0.00	0.00
7	Hindustan Motors Limited	Others	10.00	100	Quoted	Fully Paid	0.05	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05	0.05	0.00	0.00
8	LML Limited	Others	10.00	50	Quoted	Fully Paid	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00
9	Majestic Auto Limited	Others	10.00	95	Quoted	Fully Paid	0.27	0.27	0.00	0.00	0.27	0.27	0.00	0.00	0.27	0.27	0.00	0.00
10	Hero Motocorp Limited (Formerly Hero Motors Limited)	Others	5.00	1	Quoted	Fully Paid	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00
11	Mahindra & Mahindra Limited	Others	5.00	332	Quoted	Fully Paid	0.15	0.15	0.00	0.00	0.15	0.15	0.00	0.00	0.15	0.15	0.00	0.00
12	SML ISUZU Limited (Formerly Swaraj Mazda Ltd.)	Others	10.00	50	Quoted	Fully Paid	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00
13	The Premier Automobiles Limited	Others	10.00	50	Quoted	Fully Paid	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00	0.03	0.03	0.00	0.00
14	TVS Motor Co. Limited	Others	1.00	1,000	Quoted	Fully Paid	0.08	0.08	0.00	0.00	0.08	0.08	0.00	0.00	0.08	0.08	0.00	0.00
15	Saraswat Co-operative Bank Limited	Others	10.00	2,500	Unquoted	Fully Paid	0.25	0.25	0.00	0.00	0.25	0.25	0.00	0.00	0.25	0.25	0.00	0.00
16	Ajinkya Auto Fab Private Limited	Associate	10.00	13,800	Unquoted	Fully Paid	13.80	13.80	0.00	0.00	13.80	13.80	0.00	0.00	13.80	13.80	0.00	0.00
Total							15.13	15.13	0.00	0.00	15.13	15.13	0.00	0.00	15.13	15.13	0.00	0.00
(b) Investments in Government or Trust Securities																		
1	7 Years National Savings Certificates	Others	N.A.	N.A.	Unquoted	N.A.	0.24	0.24	0.00	0.00	0.24	0.24	0.00	0.00	0.24	0.24	0.00	0.00
Total							0.24	0.24	0.00	0.00	0.24	0.24	0.00	0.00	0.24	0.24	0.00	0.00
Total (B)							15.37	15.37	0.00	0.00	15.37	15.37	0.00	0.00	15.37	15.37	0.00	0.00

KINETIC ENGINEERING LIMITED

Note : A-11 Current Investments

Rupees in Lacs

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity/ Others	Face Value	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully Paid	Amount (Gross)	2014 (8)	2013 (9)	2014 (10)	2013 (11)	Amount (Net)	2014 (12)	2013 (13)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(a)	Investment in Mutual Funds													
1	HDFC Cash Management Fund	Others		8,934,284	Quoted	Fully Paid	2.29	2.29	-	-	-	2.29	2.29	2.29
2	HDFC Muture Fund / Liquid Fund	Others		291,067,018	Quoted	Fully Paid	-	30.00	-	-	-	-	-	30.00
3	HDFC Muture Fund / Liquid Fund	Others	61,212,563	-	Quoted	Fully Paid	15.25	-	-	-	-	15.25	15.25	-
4	HDFC short term plan-G	Others	250,634,942	-	Quoted	Fully Paid	60.00	-	-	-	-	60.00	60.00	-
5	Franklin Templeton Investments (Low Duration)	Others	-	679,307,608	Quoted	Fully Paid	-	70.27	-	-	-	-	-	70.27
6	Franklin Templeton Investments short term income fund	Others	2,662,958	11,127,275	Quoted	Fully Paid	30.99	129.50	-	-	-	30.99	30.99	129.50
7	Birla Sun Life Dynamic Bond Fund - Retail Growth-Regu. Plan	Others	265,086,057	504,044,961	Quoted	Fully Paid	52.59	100.00	-	-	-	52.59	52.59	100.00
8	Birla Sun Life Mutual Fund	Others	353,874,930	-	Quoted	Fully Paid	70.00	-	-	-	-	70.00	70.00	-
9	UTI Short - Term Income Inst-G	Others	476,368,709	-	Quoted	Fully Paid	70.00	-	-	-	-	70.00	70.00	-
10	BNP Paribas Mutual Fund	Others	-	643,942,249	Quoted	Fully Paid	-	66.05	-	-	-	-	-	66.05
11	BNP Paribas Mutual Fund	Others	-	-	Quoted	Fully Paid	-	-	-	-	-	-	-	-
12	SBI LO28G Magnum Income Regular Fund - Growth	Others	343,640,250	343,640,250	Quoted	Fully Paid	100.00	100.00	-	-	-	100.00	100.00	100.00
13	Reliance Dynamic Bond Fund - Growth Option Plan	Others	-	573347,009	Quoted	Fully Paid	-	90.00	-	-	-	-	-	90.00
14	Pramerica Treasury Advantages-G	Others	8,416,883	-	Quoted	Fully Paid	100.00	-	-	-	-	100.00	100.00	-
15	Kotak Bond Scheme Plan A -Growth	Others	-	295192,495	Quoted	Fully Paid	-	100.00	-	-	-	-	-	100.00
16	HDFC FLOATING RATE INCOME FUN	Others	-	-	Quoted	Fully Paid	-	-	-	-	-	-	-	-
17	Birla Sun Life Mutual Fund	Others	-	-	Quoted	Fully Paid	-	-	-	-	-	-	-	-
18	Birla Sun Life Mutual Fund	Others	1,149,411,698	-	Quoted	Fully Paid	1750.00	-	-	-	-	1,750.00	1,750.00	-
19	Reliance M Interval Series I Retail-G	Others	11,654,672,067	-	Quoted	Fully Paid	2000.00	-	-	-	-	2,000.00	2,000.00	-
20	Reliance Money Manager-G	Others	114,561,600	-	Quoted	Fully Paid	2002.13	-	-	-	-	2,002.13	2,002.13	-
21	HSBC Income Short Term-G	Others	4,780,343,229	-	Quoted	Fully Paid	1000.00	-	-	-	-	1,000.00	1,000.00	-
22	HDFC Liquid Fund	Others	-	-	Quoted	Fully Paid	1005.00	-	-	-	-	1,005.00	1,005.00	-
23	Canara Robeco	Others	548,382,700	-	Quoted	Fully Paid	2500.00	-	-	-	-	2,500.00	2,500.00	-
24	HDFC Short Term Plan-G	Others	-	-	Quoted	Fully Paid	125.00	-	-	-	-	125.00	125.00	-
25	Kotak Bond Short Term Plan-Dividend	Others	-	-	Quoted	Fully Paid	54.22	-	-	-	-	54.22	54.22	-
26	Reliance Regular Saving Fund	Others	-	-	Quoted	Fully Paid	125.00	-	-	-	-	125.00	125.00	-
27	Religare Bank Debt Fund -G	Others	-	-	Quoted	Fully Paid	125.00	-	-	-	-	125.00	125.00	-
28	Templeton India Short Term Income Plan-G	Others	-	-	Quoted	Fully Paid	125.00	-	-	-	-	125.00	125.00	-
	Totab (C)						11,312.48	688.12	-	-	-	11,312.48	688.12	688.12

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
Note : A-12		
Long Term Loans and Advances		
(a) Capital Advances		
Unsecured, considered good	73.76	96.15
Doubtful	-	-
	73.76	96.15
Less: Provision for doubtful advances	-	-
	73.76	96.15
(b) Security Deposits		
Unsecured, considered good	301.43	290.06
Doubtful	13.02	13.02
	314.45	303.08
Less: Provision for doubtful deposits	13.02	13.02
	301.43	290.06
(c) Other Loans and advances		
(i) Advances		
Unsecured, considered good	167.45	321.11
Doubtful	90.81	83.94
	258.26	405.05
Less Provision for doubtful advances	90.81	83.94
	167.45	321.11
(ii) Bills Receivable	206.65	206.65
(iii) Advance Income tax net of provision	227.77	236.86
	977.06	1,150.83

Note : A-13**Other Non Current Assets**

(a) Long term trade receivables		
Unsecured, considered good	-	-
Doubtful	-	-
	-	-
Less Provision for doubtful advances	-	-
	-	-
TOTAL	-	-

KINETIC ENGINEERING LIMITED

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
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Note : A-14

Inventories

(a) Raw Materials	524.95	667.65
(b) Work-in-progress	526.48	453.85
(c) Finished goods	5.48	5.48
(d) Stores and spares	577.23	619.90
TOTAL	1,634.14	1,746.88

Note : A-15

Trade receivables

(i) Trade receivables outstanding for a period less than six months from due date		
Unsecured, considered good	1,625.32	2,527.05
Unsecured, considered doubtful	-	-
	1,625.32	2,527.05
Less Provision for doubtful debts	-	-
	1,625.32	2,527.05
(ii) Trade receivables outstanding for a period exceeding six months from due date		
Unsecured, considered good	146.91	420.73
Unsecured, considered doubtful	-	-
	146.91	420.73
Less Provision for doubtful debts	-	-
	146.91	420.73
TOTAL	1,772.23	2,947.78

Note : A-16

Cash & Bank Balances

(a) Cash & Cash Equivalents		
(i) Cash on hand	0.53	0.31
(ii) Balances with banks	58.87	31.40
(b) Other bank balances	-	-
(i) Fixed deposits (more than 3 months but less than 12 months) (Ermarked with banks)	5.13	55.84
TOTAL	64.53	87.55

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
Note : A-17		
Short term loans and advances		
(a) Others (specify nature)		
(i) Deposits with Govt. authorities		
Unsecured, considered good	2.52	6.60
Doubtful	-	-
	2.52	6.60
Less Provision for doubtful advances	-	-
	2.52	6.60
(ii) Advances to suppliers and others		
Unsecured, considered good	221.15	239.10
Doubtful	-	-
	221.15	239.10
Less Provision for doubtful advances	-	-
	221.15	239.10
TOTAL	223.67	245.70

Note : A-18**Other current assets**

(i) Interest Accrued on Investments & Deposits	4.65	4.69
TOTAL	4.65	4.69

Note : A-19**Revenue from Operations (Refer Part C-5(A))**

Sale of Products	5,964.42	8,282.53
Less Excise duty	490.08	744.93
	5,474.34	7,537.60
Machining and Processing Receipts	241.23	458.44
Other Operating Revenues	16.52	25.56
TOTAL	5,732.10	8,021.60

KINETIC ENGINEERING LIMITED

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
Note : A-20		
Other Income		
(a) Interest Income		
(i) On Fixed Deposits	0.84	5.53
(ii) From Others	6.81	10.90
(b) Dividend Income from:		
(i) Long Term Investment	1.19	0.79
(ii) Short Term Investment	5.33	32.04
(c) Gain on Sale of Investments (Net)	-	-
(d) Profit on Sale of Assets (Net)	-	-
(e) Income from Units	-	0.19
(f) Miscellaneous Receipts	197.49	190.12
(g) Sundry Credit Balances Written Back	115.47	364.24
(h) Excess Provision Written Back	40.50	19.80
(i) One Time Settlement Gain on Vendor payment	-	27.04
TOTAL	367.64	650.65

Note : A-21

Material Consumed

Raw Material Consumed	2,396.11	4,131.88
Stores and Spares Consumed	606.82	640.74
Fabrication & Processing Charges	401.72	546.50
Freight, Octroi & Forwarding Charges	81.38	137.97
	3,486.03	5,457.08

Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Opening Stock

Finished Goods	5.48	5.48
Work-In- Progress	453.85	549.46
	459.33	554.94

Closing Stock

Finished Goods	5.48	5.48
Work-In- Progress	526.48	453.85
	531.96	459.33
	-72.63	95.61

Note : A-22

Employee Benefits Expenses

Salaries, Wages and Bonus	1,474.91	1,501.83
Contribution to Provident Fund and Other Funds	93.56	128.50
Gratuity	65.52	74.55
Staff & Labour Welfare Expenses	73.32	71.64
TOTAL	1,707.32	1,776.53

Note:- Employee Benefit Expenses include remuneration paid to Chairman, Vice Chairperson and Managing Director amounting to Rs.108.84 lakhs Which is subject to Approval of Central Government.

Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2014	Figures as at the end of previous reporting period ending on March 31, 2013
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Note : A-23**Finance Cost**

Interest Expense	902.33	891.32
Other Borrowing Costs	18.48	20.99
TOTAL	920.81	912.31

Note : A-24**Other Expenses**

Excise Duty Paid (Net)	18.86	18.53
Power & Fuel	666.46	852.03
Repairs and Maintenance:		
Buildings	27.19	40.24
Machinery	81.42	111.81
Others	10.65	9.16
Service Charges & Warranty Claims	0.08	2.94
Insurance	10.09	8.72
Rent	228.05	207.12
Rates and taxes	21.20	23.89
Publicity & Sales Promotion	0.81	1.24
Directors Fees & Travelling Expenses	0.70	0.54
Travelling Expenses	68.78	70.89
Packing and Forwarding Charges	87.65	118.20
Legal, Professional & Consultancy Fee	460.78	290.29
Bad Debts / Advances Written Off	215.96	340.81
Provision For Doubtful Debts / Advances	6.87	25.88
Miscellaneous Expenses	199.23	315.86
Outward Freight Charges	89.59	88.57
Loss on Scrapping of Assets	-	25.06
TOTAL	2,194.36	2,551.77

Note : A-25**Exceptional Items**

Profit / (Loss) on sale of Assets	52.46	-4.51
Profit / (Loss) on sale of Investments	-2,653.25	9.93
Unrealised Exchange Fluctuation Gain / (Loss)	-389.62	-96.96
Gain on waiver of loan	-	1,600.00
TOTAL	-2,990.40	1,508.46

KINETIC ENGINEERING LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2014

Figures in Parentheses relate to the Previous Period :

1. ACCOUNTING POLICIES

A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

- a) The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India. The financial statements have been prepared to comply in all material respects with The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- b) The financial statements have been prepared under the historical cost convention on an accrual basis.
- c) The accounting policies applied by the Company are consistent with those used in the previous year.

B) FIXED ASSETS :

Fixed Assets are stated at cost of acquisition or construction less depreciation. Cost comprises of the purchase price and other attributable costs and includes the financing costs relating to borrowed funds attributable to construction or acquisition of Qualifying Fixed Assets up to the date the asset is put to use and exchange difference on long term foreign currency monetary items relating to acquisition of the respective assets.

C) DEPRECIATION :

- I) On Fixed Assets acquired up to 31st March, 1995 :
Depreciation on fixed assets is provided as per Written Down Value method at the rates specified for those assets in Appendix I to the Income Tax Rules, 1962 with reference to the Written Down Value of the Fixed Assets. Plant & Machinery, Electrical Installation, Dies, Jigs, Fixtures & Electrical Fittings costing below Rs. Five Thousand each was written off.
- II) On Fixed Assets acquired from 1st April, 1995 to 31st March, 2000 :
Depreciation on fixed assets is provided as per Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956. Pro-rata depreciation as specified in Schedule XIV to the Companies Act, 1956 is not provided on the assets sold during the year.
- III) On Fixed Assets acquired from 1st April, 2000 onwards and on Fixed Assets transferred on Merger of Auto Division of erstwhile Jaya Hind Sciaky Ltd and erstwhile Kinetic Motors Co. Ltd.
Depreciation on fixed assets is provided as per Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Pro-rata depreciation as specified in Schedule XIV to the Companies Act, 1956 is not provided on the assets sold during the year.
- IV) Intangible Assets : Technical Know-how fees in respect of manufacturing process and Computer Software are treated as Intangible Asset and the same are written off over a period of four years and in respect of Auto Division of erstwhile Jaya Hind Sciaky Ltd., the same are written off over a period of five years starting from the year of receipt of the same.

D) VALUATION OF INVENTORY :

Inventories are stated at the lower of cost and net realisable value. Cost has been determined by using annual weighted average cost formula. Work in Progress and manufactured finished goods include material cost, labour and allocation of fixed and variable production overheads as per Accounting Standard 2 (Revised), Valuation of Inventories notified in the Companies (Accounting Standard) Rules 2006.

E) INVESTMENTS :

- I) Long Term investments are carried at cost. Provision for diminution in the value of long term investment is made only if, such a decline is other than temporary in the opinion of the management.
- II) Current investments are valued at lower of cost and realisable value.

F) EMPLOYEE BENEFITS :**(a) Short term employee benefits**

All employee benefits falling due wholly within the accounting period of rendering the services are classified as short term employee benefits, which include benefits like salaries, wages, short term compensated absences and performance incentives and are recognised as expenses in the period in which the employees render the relevant service.

(b) Post employment benefits

Contributions to defined contribution schemes such as Provident Fund, Superannuation Fund etc., are recognised as expenses in the period in which the employee renders the related service. The company also provides post employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the projected unit credit method based on actuarial valuation report.

G) RESEARCH AND DEVELOPMENT EXPENSES :

Revenue Expenditure on Research and Development is charged off as an expense in the year in which it is incurred except where such expenses are treated as Tangible / Intangible Asset or Capital Expenditure which is grouped with Fixed Assets under appropriate heads and depreciation is provided as per Accounting Policy 1(C).

H) FOREIGN CURRENCY TRANSACTIONS :

I) Gains / Losses of transactions in foreign currency are recognised in the Profit & Loss Account except gains / losses on long term foreign currency monetary items relating to acquisition of a depreciable capital asset. Such gains / losses are adjusted against cost of the capital asset and depreciated over the remaining life of the assets. Gains/Losses on long term foreign currency monetary items not related to acquisition of depreciable assets are spread over life of such long term monetary item.

II) Current Assets and Current Liabilities in foreign currency are translated at the rates of exchange prevailing at the date of Balance Sheet and exchange difference is recognised in the Profit & Loss Account. Premium payable on forward contracts is recognised as income or expense over the life of the Contract.

I) INCOME RECOGNITION RELATING TO LEASE :

Income relating to lease / finance charges is recognised as per the terms of Agreement except where there is uncertainty of ultimate collection of such income.

2. "Freehold Land, Leasehold Land and Buildings have been revalued as per the Scheme of Arrangement and additional depreciation arising on account of revaluation of such assets amounting to **Rs.73.72 Lacs** (Rs. 89.69 Lacs) for the year has been withdrawn from General Reserve and credited to Profit and Loss Account in terms of the said Scheme of Arrangement.

3. CONTINGENT LIABILITIES AND COMMITMENTS :

Contingent Liabilities in respect of	Rs. in Lacs	Rs. in Lacs
a. Income Tax matter under appeal, approx (See Note Below)	65.97	65.97
b. Sales Tax matter under appeal	347.30	445.39
c. Excise Duty in dispute	597.04	698.23
d. Octroi Duty in dispute (High court Order received in Company's favour but the case is in appeal before Supreme Court hence shown in Contingent Liability.)	335.74	335.74
e. ESIC liability in dispute	1.26	1.26
f. Municipal Property Tax in dispute	228.52	233.33
g. Labour Cases	45.52	47.07
h. Entry Tax in dispute	8.49	10.13
i. Other compensation matters	20.00	20.00
j. Claim against Company not acknowledged as debt.	26.07	26.07
Commitments :		
On Capital Account	674.59	576.99

KINETIC ENGINEERING LIMITED

Note : Income Tax matter under appeal, **Rs. 65.97 Lacs** (Rs. 65.97 Lacs) is excluding **Rs. 158.49 Lacs** (Rs. 158.49 Lacs) in respect of which favourable decision has been given by the Income Tax Appellate Tribunal, Pune on similar grounds in an earlier assessment year and **Rs. 1641.77 Lacs** (Rs. 1641.77 Lacs) on account of demands raised by the Assessing Officer against which the company has preferred an appeal and in addition the company has filed application for rectification and setting aside the demands in view of the carried forward losses.

4 (a) TURNOVER AND STOCKS

Rs. in Lacs

Class of Finished Goods	Turnover	Stock	
		Opening	Closing
Two Wheelers	-	3.20	3.20
	-	(3.20)	(3.20)
Steering Arm/ Slip Yoke	1,463.98	0.00	0.00
	(1,386.68)	0.00	0.00
Gear Box/ Shaft drive	3,107.10	-	-
	(4,224.32)	-	-
I C Engines	6.46	-	-
	(52.37)	-	-
**Variator, Front Fork & Front Shockabsorber	310.90	-	-
	(1,468.70)	-	-
Auto Components & Others	1,075.98	2.28	2.28
	(1,150.46)	(2.28)	(2.28)
Grand Total	5,964.42	5.48	5.48
	(8,282.53)	(5.48)	(5.48)

(b) DETAILS OF WORK IN PROGRESS UNDER BROAD HEADS

Rs. In Lacs

Particulars	WIP Stock	
	31.03.2014	31.03.2013
Two Wheelers	-	-
Steering Arm/ Slip Yoke	59.91	80.30
Gear Box/ Shaft drive	226.92	228.03
I C Engines	20.38	31.32
**Variator, Front Fork & Front Shockabsorber	20.04	24.61
Auto Components & Others	199.23	89.59
Grand Total	526.48	453.85

5. Company has purchased six bills of exchange and paid **Rs. 206.65 Lacs** (Rs. 206.65 Lacs) for the same. These bills have matured but have not been honoured. Company has filed suits in the High Court of Judicature at Bombay.

6. PAYMENT TO AUDITORS :

	Rs. in Lacs	Rs. in Lacs
Audit Fees (Including fees of Rs. 1.50 Lacs (Rs. 2.50 Lacs) for audit under Section 44AB of Income Tax Act, 1961)	5.50	(5.50)
For Other Services	1.00	(1.04)
For Expenses	0.24	(0.24)

7. CONSUMPTION OF RAW MATERIALS AND COMPONENTS :

Description	Value (Rs. in Lacs)	
(A) Raw Materials :		
Steel Sheets	238.59	(61.36)
Steel Tubes	15.74	(18.27)
Steel Tubes	72.73	(128.00)
Steel Bars	555.54	(295.24)
Forgings	432.40	(1,081.48)
Castings	69.53	(38.65)
(B) Components & Others	1,011.58	(2,508.88)
	2396.11	(4,131.88)

8. IMPORTED & INDIGENOUS RAW MATERIALS CONSUMPTION

(INCLUDING COMPONENTS)

Description	Rs. in Lacs	%	Rs. in Lacs	%
Imported	54.89	2.29	(248.93)	6.02
Indigenous	2341.22	97.71	(3882.95)	93.98
	2396.11	100.00	(4131.88)	100.00

9. CIF VALUE OF IMPORTS

	Rs. in Lacs	Rs. in Lacs
Components and Others	47.71	(229.68)
Capital Goods	9.25	(3.13)

10. EXPENDITURE IN FOREIGN CURRENCY

	Rs. in Lacs	Rs. in Lacs
I) Travelling and Other Expenses	13.49	(10.79)
II) Interest & Bank Charges	261.60	(226.68)
III) Others	89.36	(93.73)

11. EARNING IN FOREIGN CURRENCY

	Rs. in Lacs	Rs. in Lacs
I) Export of Goods (FOB)	1652.05	(1826.75)
II) Other Charges	22.85	(40.25)

12. Issue of **4550** (4550) Bonus Shares and **480** (480) Rights shares have been kept in abeyance as per the provisions of Section 206A of the Companies Act, 1956.

KINETIC ENGINEERING LIMITED

13. The Expenditure on RESEARCH AND DEVELOPMENT during the period is :

A) Revenue	Rs. in Lacs	Rs. in Lacs
I) Material and Other Expenses	28.92	(22.72)
II) Salary, Wages & Bonus & consultancy	182.78	(98.14)
III) Contribution to Provident Fund and Other Funds	6.50	(3.47)
IV) Depreciation	8.15	(7.67)
B) Capital	10.62	0.00

14. Earning Per Share :

- a) The amount used as the numerator in calculating basic and diluted earning per share is the Profit after tax disclosed in the Profit and Loss Account after adjusting dividend on cumulative preference shares of **Rs. 166.90 Lacs** (Rs. 194.16 Lacs)
- b) The weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share is **135,65,850** (135,65,850).

15. In terms of the Notification dated 31st March 2009 by The Ministry of Corporate Affairs amending AS-11 "The Effects of Changes in Foreign Exchange Rates", the company has exercised the option to recognize the exchange difference on long term monetary items retrospectively from the accounting period 2007-08. Such exchange differences relating to the acquisition of capital assets are adjusted to the cost of capital and would be depreciated over the balance life of the asset. Exchange difference amounting to **Rs. 2067.20 Lacs** (Rs. 1571.87 Lacs) has been carried in the Fixed Assets and Capital work in progress as on 31.03.2014. Had this option not been exercised by the company Loss for the year would have been higher by **Rs. 502.45 Lacs** (Loss would have been highered by Rs. 513.62 Lacs).

16. Pursuant to the notification dated December 29,2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Company has exercised the option as per 46A inserted in the Standard for long term monetary liabilities. Consequently, on long term Monetary Liability, exchange difference loss of **Rs. NIL** (Rs. 200.58 Lacs) is carried forward in the Foreign Exchange Monetary Items Translation Difference Account as on March 31,2014 and will be amortized over the balance period of the monetary liability. As a result of above change, the loss for the year is under stated by **Rs. NIL** (Rs. 200.58 Lacs).

17. Details of foreign currency exposure not hedged by derivative instruments or otherwise:-

Loans :

FCCB in USD	\$	18,000,000	(18,000,000)
Buyer's credit in USD	\$	0	(277,580)

Payables :

Trade Payables in USD	\$	17,179	(37,874)
Trade Payables in EURO	€	0	(7,770)
Trade Payables in JPY	¥	0	(1,900,000)

Receivables :

Sundry Debtors in USD	\$	1,345,925	(1,955,695)
Sundry Debtors in EURO	€	0	(177,245)

18. As per the information available with the company till date, none of the suppliers have informed the company about their having registered themselves under the ' Micro, Small and Medium Enterprises Development Act, 2006. As such, information as required under this Act, cannot be compiled and therefore not disclosed for the year.

19. In view of the expected growth in Indian Automobile Industry and business potential of the company, having regard to the fact that the company is in the process of settlement of its debts & financial restructuring and the company has recently sold MTWL shares and generated fund of Rs.122 Cr., the company expects substantial growth in its turnover and financial position. Based on these future prospects, though the company has continuously incurred losses, the financial statements of the company have been prepared on going concern basis.

20. Employee Benefits:

A) Defined Contribution Plans

- a) Provident Fund
- b) State Defined Contribution Plans- Employer's Contribution to Employee's Pension Scheme 1995.

During the year, the company has recognised the following amounts in the Profit & Loss Account

	Rs. in Lacs	Rs. in Lacs
Employer's contribution to Provident fund	51.45	52.52
Employer's contribution to Employees Pension Scheme	40.54	44.40
Superannuation Contribution	00.00	8.49

Defined benefit plan as per the actuarial valuation as on 31st March,2014 is as follows:

B) Defined Benefit Plans

The company makes annual contributions to a funded defined benefit plan for qualifying employees. The plan is administered with Reliance Life Insurance Company Limited. The scheme provides for lumpsum payment of vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs only upon completion of five years of service, except in case of death or permanent disability. The present value of the defined obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the Balance sheet date.

	Rs. in Lacs	Rs. in Lacs
(I) The present value of the defined benefit obligations :	31.03.2014	31.03.2013
Obligation as at 01.04.2013	641.90	569.90
Acquisition adjustment	----	----
Interest Cost	48.26	48.64
Past Service Cost	----	----
Current Service Cost	22.73	24.42
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Benefits paid	(60.45)	(14.61)
Actuarial (gain)/ loss on obligations	1.00	13.55
Present Value of Obligation as at the end of the year 31.3.2014	653.44	641.90
(II) Changes in Fair Value of Plan Assets :	31.03.2014	31.03.2013
Fair Value of Plan Assets at 01.04.2013	35.32	33.98
Acquisition Adjustments	----	----
Expected Return on Plan Assets	1.94	3.41
Contributions	63.00	15.00
Benefits Paid	(60.45)	(14.61)
Actuarial Gain /(loss) on Plan Assets	(0.07)	(2.46)
Plan Assets at 31.3.2014	39.75	35.32

KINETIC ENGINEERING LIMITED

(III) Actuarial Gain / Loss recognised	31.03.2014	31.03.2013
Actuarial (loss)/gain for the year – Obligation	(1.00)	(13.55)
Actuarial (loss)/gain for the year - Plan Assets	(0.07)	(2.46)
Total (loss) / gain for the year	(1.07)	(16.01)
Actuarial (loss) / gain recognized in the year	(1.07)	(16.01)
Unrecognized actuarial (gains) / losses at the end of year	0.00	0.00
(IV) The amounts to be recognised in Balance Sheet and statements of Profit and Loss	31.03.2014	31.03.2013
Present Value of Obligation as at the end of the year 31.03.2014	653.44	641.90
Fair Value of Plan Assets as at the end of the year as on 31.03.2014	39.75	35.32
Funded Status	(613.69)	(606.58)
Unrecognized Actuarial (gains) / losses	0.00	0.00
Net Liability to be Recognized in Balance Sheet	613.69	606.58
(V) Expenses recognized in the statement of Profit and Loss	31.03.2014	31.03.2013
Current Service Cost	22.73	24.42
Past Service Cost	----	----
Interest Cost	48.26	48.64
Expected Return on Plan Assets	(1.94)	(3.41)
Curtailement Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Net actuarial loss/(gain) recognized in the year	(1.07)	(16.01)
Expenses to be recognized in the statement of Profit & Loss at the end of period 31.03.2014	70.12	85.66
(VI) Leave Encashment		
Provision for leave encashment is made as per actuarial valuation at Rs. 71.96 Lacs (Rs. 78.88 Lacs)		
(VII) Assumptions:	As of	As of
	31.03.2014	31.03.2013
Discount Rate	9.10%	8.50%
Rate of increase in Compensation levels	3.00%	3.00%
Rate of return on plan assets	9.00%	9.00%
Expected Average remaining working lives of employees (years)	8.14	8.15

21. Related Parties Transactions: As per Accounting Standard - 18

A) Names of Related Parties : Jaya Hind Sciaky Ltd., Kinetic Communications Ltd., Ajinkya Holdings Pvt. Ltd., Microage Instruments Pvt. Ltd., Ajinkya Auto Fab Ltd., Kinetic Hundai Elevator & Movement Technologies Ltd., Chrysalis Financial Services Pvt. Ltd., Kinetic Taigene Electrical Co. Pvt. Ltd., Ducati Energia Pvt. Ltd., Kinetic Motor Automotive Pvt. Ltd.

Relationship : Associate Companies

Nature of Transaction	Volume of Transactions (Rs. in Lacs)	
Purchases of Goods	9.04	0.05
Sales of Goods	(1.79)	(1.38)
Royalty Received	0.00	0.00
Interest Payments/ (-)Receipts (Net)	1.12	(124.76)
Rendering of Other services (Income)	30.57	(41.50)
Rendering of Other services (Expense)	56.83	(84.99)
Other Receipts	0.00	(0.91)
Rent Received	0.00	0.00

Rent Paid	182.19	(194.40)
Purchases of Assets	16.22	0.00
Sale of Assets	0.00	0.00
ICD Received	792.00	(2940.78)
ICD Repaid	7.00	(86.50)
Investment in Preference Shares	0.00	0.00
Investment in Debenture	1119.86	0.00
Investment in Equity Shares	0.00	0.00
Sale of Shares held as Investment	0.00	0.00
Amounts Written back during the period in respect of loan from the related party	0.00	(37.34)
Amounts Written back	1.98	(1600.00)
Amounts written off	0.00	0.00
Redemption of Debenture	900.00	0.00
Proceeds from Redemption of Debenture	900.00	0.00
Issue of Debenture	0.00	900.00
Issue of Preference Shares	0.00	1300.00
Outstanding Balances as on 31.03.2014	Net Cr	334.65
Outstanding ICD/Loan Including Interest	Cr	(19.21)
		3766.84
		(2981.84)

B) Name of Related Parties	Mr. A.H. Firodia, Mr. Ajinkya Firodia, Mrs. S.F. Motwani	
Relationship	Key Management Personnel	
Nature of Transaction	Volume of Transactions (Rs. in Lacs)	
Services rendered	Remuneration as shown below:	
Salary	72.49	(80.87)
Incentive	13.98	0.00
Contribution to Provident Fund, Superannuation Scheme	6.12	(12.57)
Perquisites	16.25	(7.72)
	108.84	(101.16)
Repayment of unsecured loan from director	-	-
Sale of Assets to Director	-	-
Outstanding Balance as on 31.03.2014 Cr	321.40	(321.40)

Disclosure in respect of material related party transactions during the year :

- Purchases from Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd) Rs.-0.07 lacs (Previous Year Rs. Nil Lacs) and Ajinkya Auto Fab Ltd. Rs.9.11 Lacs (Previous Year Rs. Nil).
- Sales include to Ducati Energia India Private Limited Rs. -1.79 (Previous Year Rs. NIL), Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd) Rs. Nil Lacs (Previous Year Rs. 1.36) and Ajinkya Auto Fab Limited Rs. Nil Lac (Previous Year Rs. 0.02 Lacs).
- Royalty received from Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd) Rs. NIL (Previous Year Rs. NIL).
- Income from Rendering of services include to Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd) Rs. 30.15 Lacs (Previous Year Rs. 37.59 Lacs), Microage Instruments Pvt. Ltd. Rs. 0.37 Lac (Previous Year Rs. Nil Lacs), Chrysalis Financial Services Pvt. Ltd. Rs. 0.05 lacs (Previous Year Rs. Nil Lacs) and Kinetic Hundai Elevator & Movement Technologies Limited Rs. Nil Lac (Previous Year Rs. 0.11 Lacs).
- Expenses for receiving of other services paid to Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd) Rs. 0.97 Lacs (Previous Year Rs. NIL), Kinetic Communication Limited Rs. 54.51 Lacs (Previous Year Rs. 77.76 Lacs), Microage Instruments Private Limited Rs. 1.34 Lacs (Previous Year Rs. 4.93 Lacs).
- Other receipts received from Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd.) Rs. Nil Lac (Previous Year Rs. 0.91 Lacs).

KINETIC ENGINEERING LIMITED

- g Rent Received from JHS Taigene Electrical Company Private Limited Rs. NIL (Previous Year Rs. 27.47 Lacs) and Chrysalis Casting Private Limited Rs. NIL (Previous Year Rs. Nil Lacs).
- h Rent paid to Microage Instruments Private Limited Rs. 182.19 Lacs (Previous Year Rs. 194.40 Lacs).
- i Purchase of assets include Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd.) Rs. 16.22 (Previous Year Rs. Nil Lacs).
- j Sale of assets include Microage Instruments Private Limited Rs. NIL (Previous Year Rs. Nil Lacs).
- k ICD received include Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd.) Rs. NIL (Previous Year Rs. NIL), Ajinkya Holdings Private Limited Rs. 792.00 Lacs (Previous Year Rs. 414.00 Lacs) and Microage Instruments Private Limited Rs. NIL (Previous Year Rs. NIL Lacs).
- l ICD repaid include Microage Instruments Private Limited Rs. NIL (Previous Year Rs. NIL Lacs) and Ajinkya Holdings Private Limited Rs. 7.00 Lacs (Previous Year Rs. 86.50 Lacs).
- m Investment in Preference Shares include Microage Instruments Private Limited Rs. NIL (Previous Year Rs. NIL) and Kinetic Motor Company Limited Rs. NIL (Previous Year Rs. NIL Lacs).
- n Investment in Equity Shares include Kinetic Motor Automotive Private Limited Rs. NIL (Previous Year Rs. NIL Lacs).
- o Sale of Shares held as Investment include Microage Instruments Private Limited Rs. NIL (Previous Year Rs. NIL).
- p Amounts Written back during the period in respect of loan from the related party include to Microage Instruments Private Limited Rs. NIL (Previous Year Rs. 1600 lacs) and Kinetic Communication Ltd. Rs.1.98 Lacs (Previous Year Rs. 1600 lacs).
- q Amounts written off include JHS Taigene Electrical Company Private Limited Rs. NIL (Previous Year Rs. NIL Lacs).
- r Remuneration to key managerial personnel include to Mr. A.H. Firodia Rs. 3.81 Lacs (Previous Year Rs. 25.85 Lacs), Mr. Ajinkya Firodia Rs. 61.00 Lacs (Previous Year Rs. 30.60 Lacs) and Mrs. S.F. Motwani Rs. 44.03 Lacs (Previous Year Rs. 44.71 Lacs).
- s Fees for professional services paid to Mr. S. C. Shah Rs. NIL (Previous Year Rs. NIL).
- t Interest payment includes Microage Instruments Private Limited Rs. 1.12 Lacs (Previous Year Rs. 1.91 Lac) and Ajinkya Holdings Private Limited Rs. NIL Lacs (Previous Year Rs. 122.84).
- u Investment in Debenture include Kinetic Motor Automotive Private Limited Rs. 1119.86 Lacs (Previous Year Rs. NIL Lacs).
- v Proceed from redemption of Debenture include Kinetic Motor Automotive Private Limited Rs. 900.00 Lacs (Previous Year Rs. NIL Lacs).
- w Redemption of Debenture include Kinetic Motor Automotive Private Limited Rs. 900.00 Lacs (Previous Year Rs. NIL Lacs).

22. Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached
For **M/s P.G. Bhagwat**
Chartered Accountants

Sandeep Rao
Partner
Pune
24th May, 2014

Ravindra Yadav
Company Secretary

For and on behalf of the Board of Directors
A. H. Firodia Chairman
S. F. Motwani Vice Chairperson
A. A. Firodia Managing Director

M. V. Tasgaonkar Chief Financial Officer

KINETIC ENGINEERING LIMITED

CIN: L35912MH1970PLC014819

Registered Office: D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019, India

Tel.: +91-20-66142049 Fax: +91-20-66142088/89 Email : kelinvestors@kineticindia.com Website : www.kineticindia.com



Attendance Slip

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional Slip at the venue of the meeting.

I / We hereby record my / our presence at the 43rd ANNUAL GENERAL MEETING of the Company at D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019, on Monday, 29th September, 2014 at 11:00 a.m.

Folio No.: DP ID No.* Client ID No.*

* Applicable for members holding shares in electronic form

.....
Full name of the Member / Proxy (in block letters)

.....
Signature

..... cut here

KINETIC ENGINEERING LIMITED

CIN: L35912MH1970PLC014819

Registered Office: D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019, India

Tel.: +91-20-66142049 Fax: +91-20-66142088/89 Email : kelinvestors@kineticindia.com Website : www.kineticindia.com

Proxy Form

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address:

E-mail id:

Folio No. / Client ID:

DP ID:

I/We being the members(s) of _____ shares of the above named Company hereby appoint:

(1) Name: _____
Address: _____
E-mail ID: _____ or failing him;

(2) Name: _____
Address: _____
E-mail ID: _____ or failing him;

(1) Name: _____
Address: _____
E-mail ID: _____ or failing him;

KINETIC ENGINEERING LIMITED

as my/our proxy to attend and vote (on a poll) for me/us and on my/behalf at the 43rd Annual General Meeting of the Company to be held on Monday, 29th September, 2014 at 11.00 a.m. at D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional *	
		For	Against
Ordinary Business			
1	To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the financial year ended on that date, together with the Reports of Auditors and Directors thereon.		
2	To appoint a director in place of Ms. Sulajja Firodia Motwani (DIN: 00052851), who retires by rotation and is eligible for re-appointment.		
3	To appoint auditors and fix their remuneration		
Special Business			
4	Appointment Mr. Ajinkya A. Firodia (DIN: 00332204) as Managing Director		
5	Appointment of Mr. Ramesh J. Kabra (DIN: 00306688) as an Independent Director		
6	Appointment of Mr. Jinendra H. Munot (DIN: 00049838) as an Independent Director		
7	Appointment of Dr. K. H. Sancheti (DIN: 00872400) as an Independent Director		
8	Appointment of Mr. Sudhir R. Sanghi (DIN: 00033352) as an Independent Director		
9	Appointment of Mr. Shirish R. Kotecha (DIN: 00170659) as an Independent Director		
10	Approve Borrowing Limits of the Company		
11	Creation of Charges on assets of the Company		

Signed this _____ day of _____ 2014

Signature of the Shareholder _____

Affix
Re. 1
Revenue
Stamp

Signature of first proxy holder

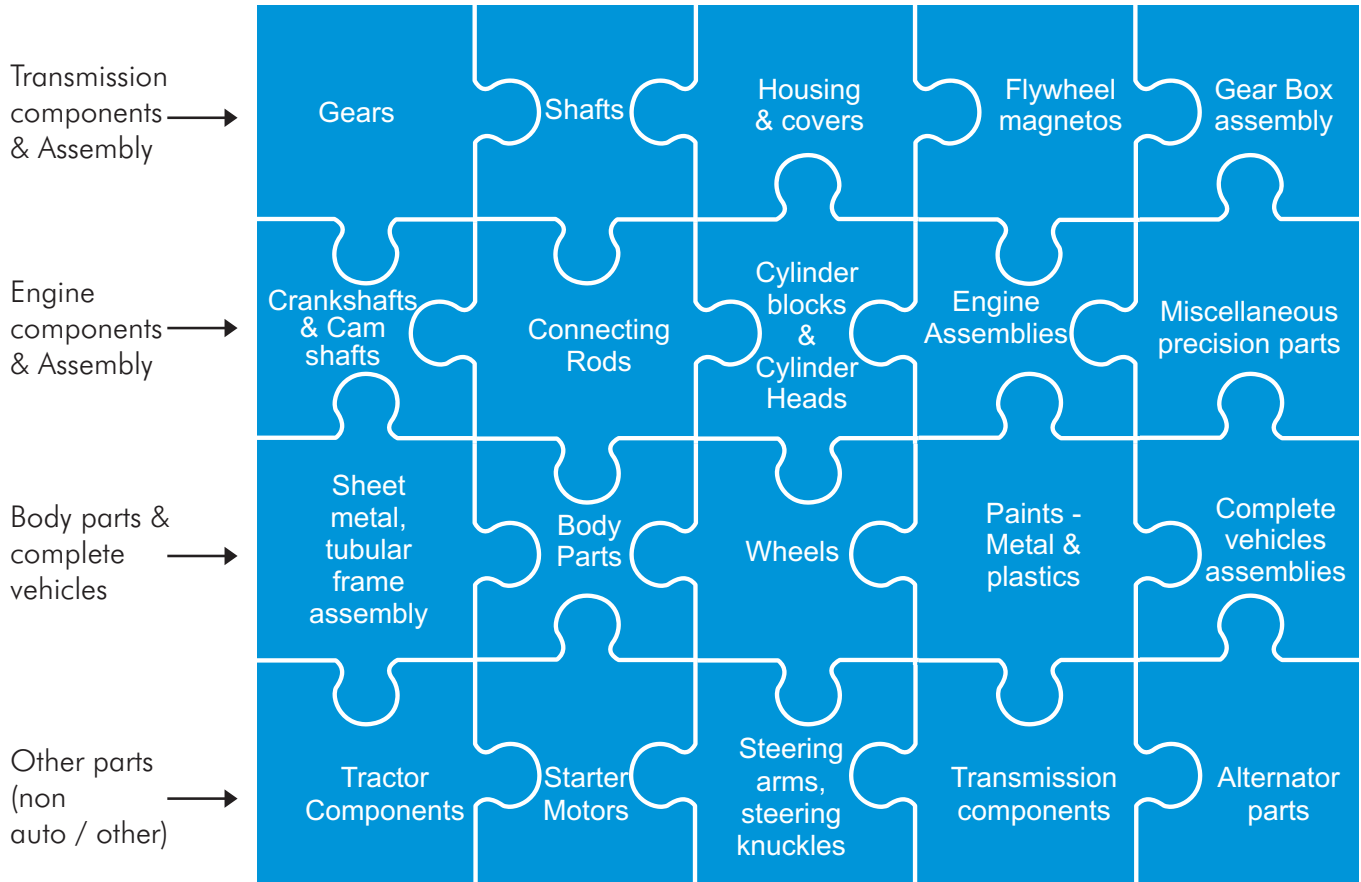
Signature of Second proxy holder

Signature of third proxy holder

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 Hours before the commencement of the meeting.
- (2) * It is optional to Put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.

Diverse Capabilities for Automotive Parts



Our Valued Customers





"We will leverage our technical strength to deliver to our customers high-quality systems & components at competitive prices, in a timely manner by continuous upgradation, innovation & best practices in the auto industry."

Quality Policy

Kinetic Engineering Limited shall consistently produce products of high quality at competitive prices through excellence in design, engineering, manufacturing and service.

This policy shall be deployed through :-

- Customer focus in all decisions
- Continuous improvement
- Development of capable supplier base
- Active participation of workforce

KINETIC ENGINEERING LIMITED

D1 Block, Plot No. 18/2, M.I.D.C., Chinchwad, Pune - 411019

Ph: +91 20 66142078 ; Fax: 20 66142088

www.kineticindia.com