

# Annual Report 2012-2013



***KINETIC***  
*in every*  
*automobile*

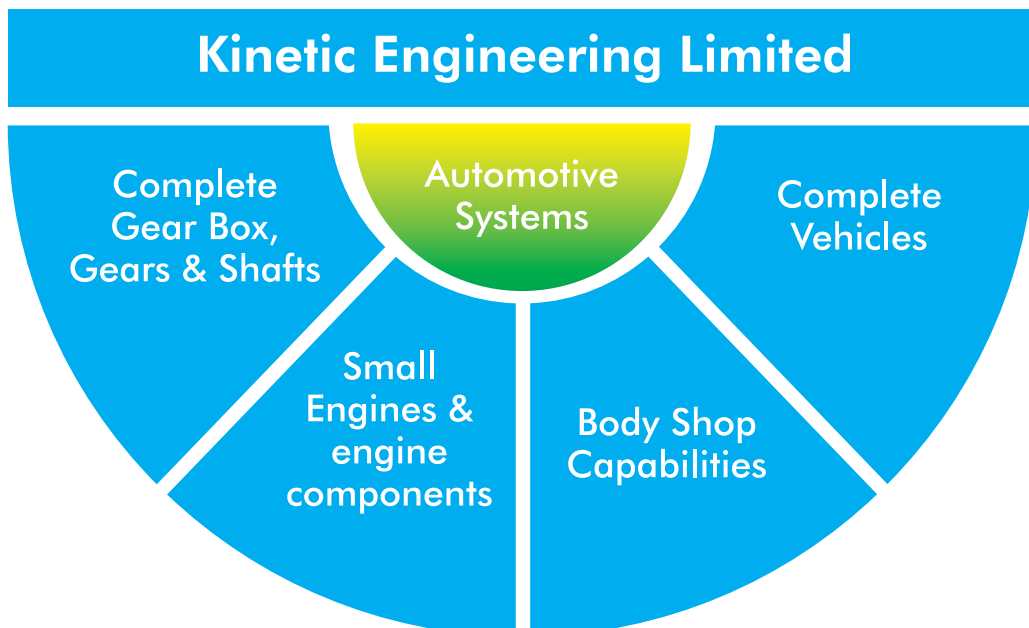


**Kinetic Engineering Limited**



"The Company has bagged **"Star Performer Award"** for last four consecutive years from 2008-2009 to 2011-2012 for it's export excellence and outstanding contribution towards Engineering exports, from Engineering Export Promotion Council [EEPC India]

Company has a large infrastructure and a diversified rich technical experience that it can further utilise and excel in its exports to various customers from Europe and USA and strive to be a star performer in the years to come as well ."



## BOARD OF DIRECTORS

MR. ARUN H. FIRODIA	.... CHAIRMAN
MRS. SULAJJA FIRODIA MOTWANI	.... VICE-CHAIRPERSON
MR. AJINKYA A. FIRODIA	.... MANAGING DIRECTOR
DR. N. A. KALYANI	
MR. JINENDRA H. MUNOT	
DR. K. H. SANCHETI	
MR. S. R. SANGHI	
MR. S. R. KOTECHA	
MR. HARJIT SINGH BHATIA	
MR. ASHISH KUMAR	

## COMPANY SECRETARY

MR. PRANVESH TRIPATHI

## AUDITORS

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

## REGISTERED OFFICE

D1 BLOCK, PLOT NO. 18/2, 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](mailto:pune@linkintime.co.in)

## WORKS

NAGAR-DAUND ROAD, AHMEDNAGAR, PIN - 414001

## CONTENTS

- NOTICE OF THE ANNUAL GENERAL MEETING
- DIRECTORS' REPORT
- REPORT ON CORPORATE GOVERNANCE
- AUDITORS' REPORT
- BALANCE SHEET, PROFIT & LOSS ACCOUNT (WITH SCHEDULES AND NOTES)
- CASH FLOW STATEMENT
- BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
- ATTENDANCE SLIP & PROXY FORM

# KINETIC ENGINEERING LIMITED

## NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting of the shareholders of KINETIC ENGINEERING LIMITED will be held on Saturday 28th September, 2013 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, 2013 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 Mr. S. R. Sanghi, who retires by rotation and is eligible for re-appointment.
3. To appoint a director in place of Mr. Ashish Kumar, who retires by rotation and is eligible for re-appointment.
4. To appoint a director in place of Dr. K. H. Sancheti, who retires by rotation and is eligible for re-appointment.
5. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

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

RESOLVED THAT Mr. Harjit Singh Bhatia, who was appointed as Additional Director, in terms of the provisions of Sec. 260 of the Companies Act, 1956, and who holds office as such director till this Annual General Meeting, and in respect of whose candidature as a director, a notice has been received by the Company from a member, in terms of the provisions of Sec. 257 of the Companies Act, 1956, be and is hereby appointed as a director whose office shall be liable to retirement by rotation.

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

RESOLVED THAT subject to the provisions of Sections 269, 309, 310, 311, 314, 316 and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval by the Central Government, Mrs. Sulajja Firodia Motwani, director, be and is hereby appointed to the executive position of Vice-Chairperson of the Company, for a period of 5 years, with effect from 1.1.2012, with substantial powers of management in relation to the day to day operations of the Company, subject to the overall superintendence of the Board of Directors on such remuneration as set out herein below and the said remuneration also be paid to Mrs. Sulajja Firodia Motwani in the event of loss or inadequacy of profit during any financial year:

Remuneration (per annum)	
Salary	Rs. 27,60,000
HRA	Rs. 9,95,000
LTA, Medical Exp. Reimb., Provident Fund, Superannuation, Gratuity, Personal Accident & Mediclaim Benefits, Other privileges, facilities, perquisites, benefits and amenities	As per the Rules of the Company
Other Benefits	
Club membership	Two clubs
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

RESOLVED FURTHER THAT Mr. Pranvesh Tripathi, Company Secretary, be and is hereby authorised to submit necessary application and do all such things as are necessary, for seeking the approval of Central Government, to the terms of appointment and remuneration of Mrs. Sulajja Firodia Motwani, as the executive Vice-Chairperson.

8. To consider, and if thought fit, to pass [with or] without modification(s) the following resolution as a Special Resolution:
- “RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association (AOA) of the Company be altered as set out below:
- “RESOLVED THAT existing interpretation of the definition “Shareholders Agreement” in the AOA of the Company be substituted by following new interpretation:
- “Shareholders Agreement” shall mean the shareholders agreement dated 7 February 2008 including Amendment Agreement dated 18 April, 2013 executed by the Company, the Sponsors and the Investors.”
- “RESOLVED FURTHER THAT existing interpretation of the definition “Investors” in the AOA of the Company be substituted by following new interpretation:
- “Investors” shall mean Pinebridge Asia Partners II, L.P., (formerly known as AIG Asian Opportunity Fund II, L.P.), AIA Company Limited (formerly known as American International Assurance Company, Limited), AIA International Limited (formerly known as American International Assurance Company (Bermuda) Limited).”
- “RESOLVED FURTHER THAT the references to “14-02-2013” in Article 114 and Article 157 shall be replaced and substituted by 14 February 2014.
- “RESOLVED FURTHER THAT Mrs. Sulajja Firodia Motwani, Director of the Company or Mr. Pranvesh Tripathi, Company Secretary of the Company, be and are hereby severally authorized to file the revised AOA with the relevant Registrar of Companies (ROC) and to make the necessary filings with the relevant ROC including Form 23, together with all relevant documents and to do all such acts, deeds, matters and things as may be necessary in this regard.”

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER. The Proxy as per the format included in the Annual Report should be returned, duly completed, to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued by the member organization.
2. Pursuant to Circular No. 17/95/2011 CL-V, dated 21-04-2011, issued by the Ministry of Corporate Affairs, Government of India, as a part of green initiative in the Corporate Governance, the Companies have been permitted to send notices/ documents to the members through email. Accordingly, the Company proposes to send notices/ documents like the annual report in electronic form to the members who would register their email address with the depositories, the Registrar and Transfer Agent or the Company. The members are requested to register their email addresses by sending their details to the Registrar and Transfer Agent, Link Intime India Pvt. Ltd, Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune – 411001 or to the Company at Kinetic Engineering Ltd., D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune- 411019. Service of notices/ documents to the members whose email addresses will not be registered with the depository or the Company or the Registrar and Transfer Agent will be effected by mode of service as provided under section 53 of the Companies Act, 1956.
3. The information in respect of the directors seeking appointment/ re-appointment at the Annual General Meeting (Item Nos. 2, 3, 4, 6 & 7 of the Notice), as per Clause 49 of the Listing Agreement, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, the 26<sup>th</sup> September, 2013 to Saturday, the 28<sup>th</sup> September, 2013 (both days inclusive), in accordance with the requirements of Clause 16 of the Listing Agreement.
5. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their queries to Secretarial Department so as to reach the Company at least 10 days before the date of the meeting.
6. The Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the Special Business as set out above is annexed hereto.

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

**Pranvesh Tripathi**  
Company Secretary

Pune, 28th May, 2013

**Registered Office :**

D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411019

# KINETIC ENGINEERING LIMITED

Annexure to Notice

## INFORMATION RELATING TO THE DIRECTORS SEEKING ELECTION/ RE-ELECTION AT THE ENSUING ANNUAL GENERAL MEETING

(in terms of the requirements of Clause 49 of the Listing Agreement)

(Item Sr. Nos. 2, 3, 4, 6 & 7 of the Notice)

Name	S. R. Sanghi	Ashish Kumar	Dr. K. H. Sancheti	Sulajja Firodia Motwani	Harjit Singh Bhatia
Date of birth (Age)	15.12.1950 (63)	6.03.1972 (41)	24.7.1936 (77)	26.8.1970 (43)	08.10.1949 (64)
Appointed on	31.10.1995	14.2.2008	27.5.1989	4.5.1996	13.02.2013
Qualifications	Commerce Graduate. Adv. Dip. in International Business, Marketing Mgt. & Agriculture	B. Tech. (Comp. Sci. and Engg.), PGDM (IIM Ahmedabad)	MBBS, D.ORTHO, FCPS, M.S. (ORTHO), F.I.C.S., F.A.C.S PH.D	Master of Science in Industrial Administration (MBA)	Master of Business Administration (MBA), & M.COM.
Expertise/ Experience	Instrumental in conceiving, promoting & launching diverse products	Over 13 years in financial services	41 Years as a surgeon	Vast experience in the areas of Marketing, Finance, strategic planning and corporate restructuring.	40 Years of experience in private equity, corporate finance and investment banking.
Directorship in other Public companies	Sanghi Polyes- ters Limited Sanghi Ce- ments Limited Sanghi Spinners India Limited	Skil Infrastruc- ture Limited Uniparts India Limited Avasarala Technologies Limited	IFGL Bio Ceramics Limited	Kinetic Market- ing and Services Limited Kinetic Auto Limited Kinetic Green Energy and Power Solutions Limited	Indu Projects Limited Avasarala Technologies Limited
Chairmanship/ membership of Committees of public companies	3	2	NIL	NIL	NIL
Shareholding (as on 31.03.2013)	NIL	NIL	241	616	NIL

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

**Pranvesh Tripathi**  
Company Secretary

Pune, 28th May, 2013

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6**

Mr. Harjit Singh Bhatia was appointed as an Additional Director by the Board of Directors, and holds office as such director until the ensuing Annual General Meeting. The Company has received a notice u/s 257 of the Companies Act, 1956, proposing the candidature of Mr. Bhatia as a director of the Company.

Mr. Harjit Singh Bhatia holds MBA degree from the University of Delhi and Master of Commerce Degree from the University of Allahabad. He is also a Certified Associate of the Indian Institute of Bankers as well as holder of "Green Belt" Certification under GE's Six Sigma Quality Program. He is Managing Partner and Chief Executive of PineBridge Asia Partners. He has more than 40 years of experience in Private Equity, Corporate Finance and Investment Banking.

The Board of Directors of the Company recommends passing of the resolution.

None of the directors of the Company, except Mr. Harjit Singh Bhatia, are concerned and/ or interested in the proposed resolution.

**Item No. 7**

Mrs. Sulajja Firodia Motwani was appointed as Vice-Chairperson of the company by the Board of Directors in their Meeting held on 9.12.2011 for a period of 5 years with effect from 1.1.2012 .

She has been an integral part of the senior management team of Kinetic. She is energetic member of the senior management team and the Board of Directors. The Remuneration Committee after taking into consideration the industry benchmarks, profile of Mrs. Sulajja Firodia Motwani and the responsibilities shared by her, considered her appointment as the Vice-Chairperson and decided the proposed remuneration.

The Board of Directors of the Company recommends passing of the special resolution.

Mrs. Sulajja Firodia Motwani is related to Mr. Ajinkya A. Firodia and Mr. Arun H. Firodia. None of the other directors are concerned and/ or interested in the proposed resolution.

**Item No. 8**

Members have earlier approved issue of Compulsorily Convertible Cumulative Preference Shares to investors (i.e. PineBridge Asia Partners II, L.P. (formerly known as AIG Asian Opportunity Fund II, L.P.), AIA Company Limited (formerly known as American International Assurance Company, Limited), AIA International Limited (formerly known as American International Assurance Company (Bermuda) Limited) on preferential basis. The Company has entered into Subscription Agreement and Shareholders Agreement with said Investors. Under the said agreements, the Company and the Investors are having certain rights and obligations and the same is required to be reflected in Articles of Association of the Company. Further, the Company has entered into Amendment Agreement with the said Investors dated 18 April 2013 whereby the term of the subscription agreement and the shareholder agreement got extended by 1 (One) year and that the said amendment shall come into effect from 14 February 2013. In order to reflect the same in Articles of Association of the Company, alteration/amendment of Articles of Association of the Company is proposed in the manner set out in the resolutions at item no. 8 of the notice of the meeting.

The Board of directors recommends passing of the special resolution.

None of the Directors (other than Mr. Harjit Singh Bhatia and Mr. Ashish Kumar), are, in any way, concerned or interested in the resolution.

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

**Pranvesh Tripathi**  
Company Secretary

Pune, 28th May, 2013

**Registered Office :**

D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411019

# KINETIC ENGINEERING LIMITED

## **DIRECTOR'S REPORT 2012-'13 (including Management Discussion & Analysis)**

Dear Members,

Your Directors present the 42<sup>nd</sup> Annual Report on the business and operations of **Kinetic Engineering Limited** and the Audited Financial Accounts for the financial year ended 31st March, 2013.

### **Financial Highlights**

During Financial Year 2012-13, the total revenue was Rs. 101.80 crore, while the net loss after tax was Rs. 13.56 crore.

During Financial Year 2012-13, the materials cost increased from 64.68 % to 69.22 % over the last year.

In financial Year 2012-13 the company registered an EBITDA of Rs. 4.15 crore. The Company posted on operating cash loss Rs. 497 Lac as compared to an operating cash profit of Rs. 154 Lac in financial year 2011-12

During the Financial Year 2012-13 there was a marginal reduction of the revenue from operations - Rs. 80.21 crore in FY 2012-13 against Rs. 83.07 crore in FY 2011-12. This reduction has been due to a few temporary reasons - mainly due to the reduction in demand from Mahindra Two Wheelers Limited, as well as from the Tata Motors. The demand from both these customers is expected to normalise and increase in the coming months.

As you may be aware, your company entered the field of auto-components few years ago, after totally restructuring its operations from manufacture of two- wheelers to manufacture of various automotive components, and assemblies; and hence this marks a landmark in the company's continued vision to become a substantially large player in the auto-component field.

### **Business Overview**

During the year, your Company continues to consolidate its position as a specialized manufacturer of high technology components and assemblies with a focus on Power Train Components and assemblies. In order to gain a strong technology base, Company has entered into a Technical Agreement with the global leader Magna Styr India Pvt. Ltd. (MSIA). MSIA is a part of the \$30 billion Magna Group, one of the largest auto component manufacturers based out of Pune and has a strength of over 260 engineers focusing on the design, development, prototyping and testing of automobile components and assemblies. This strength combined with KEL's expertise in low cost high quality manufacturing of transmission components & gearbox assemblies as well as small engines provides a complete solution for KEL. KEL, part of Firodia Group, is already a major supplier to various Indian and international OEMs.

The scope of the Technical Agreement includes but not limited to:

- Gears & Shafts
- Complete Manual Gearbox Assemblies
- Complete AMT (automated manual gearbox) assemblies
- Hybrid & Electric technologies
- Other products as required by the customer

The Companies may work on customer existing design or a modification of the same, in addition to serving a requirement of a completely new design as follows:

- Providing a design to manufacture solution for the customer
- Provide a development to manufacture solution as per customer design
- Provide value added services including cost reduction through value engineering, problem analysis or quality enhancement solutions for the customer



In addition to the above, your Company has now started two prestigious programmes;

- (1) Complete Gear box for Mahindra Navistar Automotives Limited (MNAL) for its top end HCV model, having 85 kilogram weight with torque of 450 NM. and have already supplied more than 2500 Gear boxes to MNAL.
- (2) 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.
- (3) Your Company has also bagged an order for manufacturing Gears and Shafts for PVPL's three wheeler diesel and petrol passenger and goods vehicle which is a high volume business and established leading market.
- (4) Your Company has also got an LOI for Tata Nano's diesel version car.
- (5) Company plans to expand its business with Magna (MSIA), a global automotive giant and has bagged good business worth thousands no. of supplies.
- (6) To reduce material costs and better control of inventory schedules of customers, your Company started manufacturing its own forgings, established by taking on rent all the assets of one of its suppliers and thereby Company 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.

Continued growth in the Indian automotive industry gives the 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.

Many new programmes have been under development and testing during 2012-13 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 2013-14, 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.

### **Finance Overview**

Company had already achieved a significant reduction in secured debt last year and, further, the Company has been successful in getting a short term working capital limit of Rs. 2 Crore from Saraswat Co-operative Bank Ltd apart from existing credit limits.

The outstanding FCCBs (USD 18 million) were due for redemption in February, 2013, (unless converted earlier). However, considering the overall economic & financial situation, the Board of Directors of the Company has decided to seek extension for the term of the FCCB by 12 months, and accordingly the Company has sought approval to the stated extension, from the Bond holders and the RBI. RBI through its letter dated 24.12.2012 has approved the extension of FCCBs by one year due February, 2014 (unless converted earlier). Bondholders have also approved the extension of the term of FCCBS by a 100% favourable voting.

This measure is expected to improve the return to the FCCB holders.

# KINETIC ENGINEERING LIMITED

## High Court Approval to the Scheme of merger of Kinetic Motor Limited (KMCL) Company with Kinetic Engineering Limited (KEL)

In December, 2011, the Board of Directors of both the Companies decided to amalgamate KMCL with KEL and have approved a Scheme of Amalgamation. The Scheme has been finally approved by the Hon'ble Bombay High Court on 8th February, 2013.

The Scheme has been considered to be in the interest of the shareholders of both KEL & KMCL. The KMCL's stake in Mahindra Two Wheelers Limited, is being considered as a valuable asset, and is expected to strengthen the financials of KEL, and thereby benefitting the shareholders of KMCL also who would become shareholders of KEL. Merger will result in value addition to shareholders of both the companies. Thus, the amalgamation of Kinetic Motor Company Limited with Kinetic Engineering Limited would enhance the shareholders value and allow focused course of action apart from creating additional wealth to the shareholders.

## Industry Overview

Global economic slowdown affected growth of Indian economy. In order to contain fiscal-deficit, the Government had to rationalize its Expenditure and took some austerity measures, which further affected aggregate demand in the economy. Investor and business confidence was low throughout the year.

The overall Commercial Vehicles segment registered de-growth of (-) 2.02 percent in April-March 2013 as compared to the same period in 2011-12. While Medium & Heavy Commercial Vehicles (M&HCVs) declined by (-) 23.18 percent, Light Commercial Vehicles grew at 14.04 percent. In March 2013, M&HCVs sales further declined by (-) 26.16 percent over March 2012.

Financial-performance of the Company was also affected by the overall uncertain macro-economic environment, recessionary economy coupled with high interest rates, stalled infrastructure projects etc.

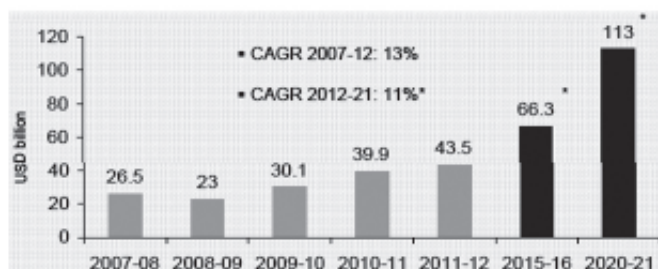
In spite of some current concerns, the growth forecast for the Indian economy remains healthy. With the resulting increase in income levels and lifestyle aspirations, the potential size of the Indian passenger vehicle market in the next five years is likely to be as large as 4-5 million vehicles with 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.

India has emerged as one of the key auto components centers in Asia and is today seen as a favorite destination of global auto majors. India is now a supplier of a range of high-value and critical automobile components to global auto makers such as General Motors, Toyota, Ford and Volkswagen amongst others. Industry needs to expand into adjacent markets including Defence, Aerospace, Railways, Farm Implements & Construction Vehicles to sustain growth.

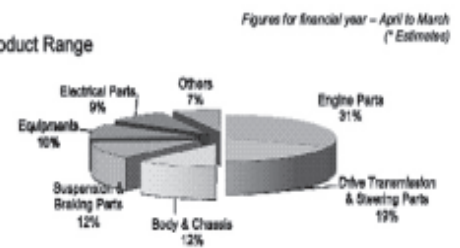
As per an Automotive Component Manufacturers Association of India (ACMA) report, the turnover of the auto component industry was measured about US\$ 43.4 billion in 2012-13 registering 15.7% over the previous year and a CAGR of 19 % over past five years. The projected turnover is about US\$ 115 billion by 2020.

## Auto Component Industry Profile

Turnover



## Comprehensive Product Range



ACMA

\* 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.

#### Future Outlook

The global automotive industry is witnessing tremendous and unprecedented changes these days. This industry is slowly and gradually shifting towards Asian countries, mainly because of saturation of automobile industry in the western world. The principal driving markets for Asian automotive industry are China, India and ASEAN nations. The ACMA (Automotive Components Manufacturers Association of India) has forecasted a future CAGR growth over years 2012-21, as given below:

Type of automotive	CAGR (2012-21)
Passenger vehicles	13.0%
Commercial Vehicles	11.0%
Tractors	5.0%
Two-Three Wheelers	7.0%
Construction vehicles	14.0%

Your company is manufacturing components and assemblies in all the segments, as AMTs, CVTs, ATs, complete solutions related to power train products, in addition to non-auto segments such as tractors, recreational products and other construction requiring equipment. Its customer base includes many major Indian players like Force Motors, TATA motors, Mahindra & Mahindra as well as various export customers from Europe and USA and hence is slated to make complete use of this opportunity.

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 such as with PVPL for gears and shafts and use Company's infrastructure for PVPL's three wheeler business.
- (3) To increase profitability by using its large infrastructure and diversified rich technical experience and at the same time taking appropriate measures for control and reduction of costs.

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

#### Opportunities, threats, risks and concerns

Low cost vehicles namely scooters, motorcycles, mopeds and bicycles have led to the massive growth of some of the fastest developing economies like China and India, while the opportunities for auto component industry is expected to continue to grow, rising competition may impact margins of various players in long run.

Availability of large pool of skilled manpower and low cost labour in India have lured many new entrants from the country and abroad in manufacture of Auto Components thereby intensifying competition. Your Company continues to move up the value chain to differentiate itself and increase margins going forward.

With the well established infrastructure after the consolidation of auto components business post-merger, and with the availability of required resources, the Company is geared up to meet new challenges and competition. Company is also building a diversified pool of orders from customers in various sectors such as Commercial Vehicles, Two Wheelers, Three Wheelers, Tractors, Automobile (Passenger cars) as well as segments like Recreational Vehicles to lower its risk of wide fluctuations in its business owing to cyclical impact on any particular segment.

However, any significant recession in the economy, rising inflation resulting in lower purchasing power, withdrawal of stimulus

# KINETIC ENGINEERING LIMITED

measures by Government, continuous rise in raw material costs & crude oil prices, fluctuation in the value of US dollar, lack of policy making by Government of India, may have adverse impact on margins. The other risk factors include bad monsoon affecting rural economy, non availability of easy finance to auto sector and its customers and adverse change in law pertaining to Excise Duty, Income Tax, Sales Tax, VAT, Customs Duty, Service Tax and any other Central / State levy etc, or government policy.

## **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 Unity power factor throughout the year saving Rs.4030338/-
2. Machine reshuffling as per lay out to save transportation of jobs from one shop to another shop and better control on energy consumption.
3. Arrested all air leakages in gear box testing.
4. Replaced all old Compressed air pipe wire braded with PU piping and fittings.
5. switching off three 1000 KVA transformers during shut down and paid holidays ultimately saving power and reducing losses.
6. Compressed air requirement continuously monitoring and operating the required capacity compressed, saving 3.6 Lacs units per year.
7. Introduced auto timer at machine shop which prevented idle running of high consumption machines saving 20000 units per year.
8. Introduce timer system for lighting and fans shut off during lunch period saving 30000 units per year.
9. Carried out leakage testing In LPG gas storage tanks. Also introduced the alarm for LPG leakage.
10. Utilized 4 lac liters' of treated water for gardening from waste water treatment plant.
11. Rs. 20,000/- of oil is extracted from the waste water treatment plant.
12. All reservoir of air compressor is tested for air leakages and arrested the air leakages. Saving the most expensive compressor compressed air.
13. provided all trollys with trays to collect carryover oil with job.
14. Work in Progress for fixing trays to collect leakage oil and carryover oil for machines like hobbing and shaving

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. 12 & 13 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, 2013 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.0.55 lac were repaid on maturity. The balance as on 31.3.2013 standing in the fixed deposit account was Rs.0.20 lac.

#### **Directors**

In accordance with the provisions of the Companies Act, 1956 as well as the Articles of Association of the Company, Mr. S. R. Sanghi, Mr. Ashish Kumar Agarwal & Dr. K. H. Sancheti, directors, retire at the ensuing Annual General Meeting, and are eligible for re-appointment.

Mr. Santosh K. Senapati had resigned from the Board on 17th September, 2012. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as a Director.

Mr. Harjit Singh Bhatia was appointed as an Additional Director by the Board on 13th February, 2013 and holds office as such director until the ensuing Annual General Meeting. The Company has received a notice u/s 257 of the Companies Act, 1956, proposing the candidature of Mr. Harjit Singh Bhatia as a director of the Company.

None of the above mentioned directors are related to each other.

#### **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 2013-14.

#### **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 : 28th May, 2013

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, 2013.

#### 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 ten members, out of which seven are Non-Executive Directors and out of seven Non-Executive Directors, five 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	07	05
Independent Directors	05	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	5	Nil	Nil
Mr. Ajinkya Firodia	Promoter / Executive	4	Nil	Nil
Mr. H. Bhatia*	Nominee	2	Nil	Nil
Mr. Ashish Kumar	Nominee	3	2	Nil
Mr. Santosh Senapati**	Nominee	1	Nil	Nil
Dr. N. A. Kalyani	Independent	1	Nil	Nil
Mr. J. H. Munot	Independent	2	Nil	Nil
Dr. K. H. Sancheti	Independent	1	Nil	Nil
Mr. S. R. Sanghi	Independent	3	1	2
Mr. S. R. Kotecha	Independent	Nil	Nil	Nil
Mrs. S. F. Motwani	Promoter/Executive	3	Nil	Nil

\*From 13.2.2013 \*\*upto 19.9.2012

**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, 2013 (hereinafter referred to as 'the period under review'), 5 Board Meetings were held on 30th May, 2012, 13th August, 2012, 8th November, 2012, 13th February, 2013, 12th March, 2013. 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 25/08/2012
Mr. A. H. Firodia	5	4	Present
Dr. N. A. Kalyani	5	0	Absent
Mr. Jinendra H. Munot	5	3	Absent
Dr. K. H. Sancheti	5	0	Absent
Mr. S. R. Sanghi	5	1	Absent
Mr. S. R. Kotecha	5	4	Present
Mr. Ajinkya Firodia	5	3	Present
Mrs. Sulajja Firodia Motwani	5	5	Present
Mr. Ashish Kumar	5	4	Present
Mr. Santosh Senapati	2	1	Absent
Mr. Harjit Singh Bhatia	1	1	NA

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 has laid down a code of conduct for all Board members and Senior Management of the Company, and the same is in the process of review, finalization and adoption and the same will be posted on website of the Company as soon as finalised.

The Company has laid down procedures to inform the Board about risk assessment and minimization procedures. These procedures are periodically reviewed by Executive Management to control the risks.

**3. Audit Committee**

**3.1** Brief description of Terms of Reference

- Recommending the appointment and removal of Statutory Auditors and fixation of fee for both audit as well as for other services;
- Reviewing with Management the Quarterly and Annual Financial Statements before submission of the same to the Board, focusing primarily on Accounting Policies and Practices, compliance of Accounting Standards, compliance with Listing Agreement entered into with Stock Exchanges and other legal requirements, related party transactions and qualifications, if any, in Audit Report;
- Reviewing with the Management, Statutory and Internal Auditors, the adequacy of Internal Control Systems; and
- Discussion with Internal Auditors on their significant findings and follow-up thereon.

# KINETIC ENGINEERING LIMITED

## 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, 2013, 4 Meetings of the Audit Committee were held on 30th May, 2012, 13th August, 2012, 8th November, 2012, 13th February, 2013. 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	4

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. Remuneration Committee

### 4.1 Brief description of Terms of reference

- Fixation of salary, perquisites etc. of all Executive Directors of the Company, as and when any new Executive Director is appointed / existing Executive Director is re-appointed; and
- Deciding commission payable to Executive Directors, based on performance of the connected Executive Director and for this purpose, fix targets for achievements.

### 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

During the 12 months period ended on 31.3.2013 remuneration committee meeting was held on 2nd June, 2012. Mr. S. R. Kotecha, Mr. J. H. Munot and Dr. K. H. Sancheti had attended the said meeting.

### 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, 2013 are as follows:

Particulars	Mr. A. H. Firodia Chairman	Mrs. S. F. Motwani Vice Chairperson	Mr. Ajinkya Firodia Managing Director
Basic Salary (Rs. in lac)	1800000	2400000	1899300
Allowances (Rs. in lac)	--	994992	633100
Conveyance (Rs. In lac)	--	360000	--
Perquisites (Rs. in lac)	298790	68040	15000
Other	112500	150000	127395
Retirement Benefits (Rs. in lac)	373500	498000	385416
<b>Total</b>	<b>2584790</b>	<b>4471032</b>	<b>3060211</b>

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 25A with the Central Government, seeking approval for the remuneration fixed for the Chairman, Vice Chair person and the Managing Director. Approval for Mrs. S. F. Motwani and Mr. A. H. Firodia is awaited and approval for Mr. Ajinkya Firodia, Managing Director has been received from Ministry of Corporate Affairs for the period from 20.4.2009 to 31.3.2010 and for the approval for subsequent period, application to the Central Government has already been made by the Company.

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-imbursment 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, 2013, 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	2000	241
Mr. S. R. Sanghi	Nil	Nil
Mr. S. R. Kotecha	18000	16,572
Mr. Ashish Kumar	Nil	Nil
Mr. Harjit Bhatia*	Nil	Nil
Mr. Santosh Senapati**	Nil	Nil
<b>Total</b>	<b>34000</b>	<b>46,141</b>

\* from 13.02.2013    \*\*upto 19.9.2012

#### 5. 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, 2013	:	Nil

# KINETIC ENGINEERING LIMITED

During the 12 months under review the Company has dispatched share certificates beyond the period of 15 days for 13 cases for the following reasons -

- 1) Delay in approving transfer of shares by the Company.

## 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:

Accounting Year Ending on	Date of AGM	Time	Venue	Whether Special Resolution Passed or not
31st March, 2012	26th September, 2012	11.00 a.m.	D-1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019.	No
31st March, 2011	25th August, 2011	11.00 a.m.	D-1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019.	No
31st March, 2010	17th September, 2010	11.00 a.m.	D-1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019.	No

The Company had not conducted any Postal Ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution thru 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. 23 in Notes Forming part of the Accounts for the year ended on 31st March, 2013.

- (ii) There were no penalties, nor any strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- (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. The Company does not have Whistle blower policy, which is a non-mandatory requirement under clause 49 of the Listing Agreement.
- (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 Remuneration Committee comprising of 3 non-executive Independent directors.

## 9. Means of Communication

The Company's Unaudited Quarterly Financial Results were published in 'ASIAN AGE' and 'LOKSATTA' newspapers. The results are also displayed on Company Website - [www.kineticindia.com](http://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 42nd Annual General Meeting is proposed to be held on **Saturday 28.9.2013 at 11:00 a.m. at the Registered Office of the Company at D-1 Block, Plot No.18/2, Chinchwad, Pune - 411019**, for adopting the Audited Accounts for the period ended **31.3.2013**.

### Dates of Book-Closure:

Thursday 26.9.2013 to Saturday 28.9.2013 (both days inclusive).

### Dividend Payment Date:

The Directors have not recommended any Dividend for the 12 months period ended on 31st March, 2013.

### 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 2013-14 (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](http://www.bseindia.com)):

Month & Year	KEL Share Price			BSE Sensex		
	High (Rs.)	Low (Rs.)	Close (Rs.)	High	Low	Close
April, 2012	92.90	70.40	81.50	17,664.10	17,010.16	17,318.81
May, 2012	82.00	58.35	61.75	17,432.33	15,809.71	16,218.53
June, 2012	72.50	58.00	61.90	17,448.48	15,748.98	17,429.98
July, 2012	69.90	59.30	60.00	17,631.19	16,598.48	17,236.18
August, 2012	62.95	52.00	56.30	17,972.54	17,026.97	17,429.56
September, 2012	73.70	53.70	59.20	18,869.94	17,250.80	18,762.74
October, 2012	68.60	56.00	63.30	19,137.29	18,393.42	18,505.38
November, 2012	75.00	59.95	64.55	19,372.70	18,255.69	19,339.90
December, 2012	95.00	62.50	90.30	19,612.18	19,149.03	19,426.71
January, 2013	111.00	86.30	108.55	20,203.66	19,508.93	19,894.98
February, 2013	124.00	96.45	96.45	19,966.69	18,793.97	18,861.54
March, 2013	99.95	53.25	54.85	19,754.66	18,568.43	18,835.77

# 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, 2013

Slab of Shareholding (Rs.)	No. of Shareholders	% to No. of Shareholders	Amount (Rs.)	% to paid-up capital
Upto 5,000	5935	94.16	6165110	5.9440
5,001-10,000	182	2.89	1341360	1.2933
10,001-20,000	74	1.17	1102390	1.0629
20,001-30,000	23	0.36	566080	0.5458
30,001-40,000	13	0.21	455980	0.4396
40,001-50,000	12	0.19	531920	0.5128
50,001-1,00,000	23	0.36	1539350	1.4841
1,00,001 and above	41	0.65	92017490	88.7175
<b>Total</b>	<b>6303</b>	<b>100.00</b>	<b>103719680</b>	<b>100.0000</b>

## Shareholding Pattern as on 31st March, 2013

	Category	No. of Shares	%
<b>A.</b>	<b>Shareholding of Promoter &amp; Promoter Group</b>		
1	Indian	5985527	57.71
2	Foreign	90000	0.87
	<b>Sub Total (1)</b>	<b>6075527</b>	<b>58.58</b>
<b>B.</b>	<b>Public Shareholding</b>		
1	Institutions:		
	a.) Mutual Funds / UTI	700	0.01
	b.) Financial Institutions / Banks	1,585	0.02
	c.) Insurance Companies	140454	1.35
	d.) Foreign Institutional Investors	0	0.00
	<b>Sub Total (2)</b>	<b>142739</b>	<b>1.38</b>
2	<b>Non-Institutions</b>		
	a.) Bodies Corporate	798133	7.70
	b.) Individuals	1744411	16.81
	c.) Clearing Members	5073	0.05
	d.) NRI / NRN	51436	0.49
	e.) OCB	1554381	14.99
	f.) Trusts	268	0.00
	<b>Sub Total (3)</b>	<b>4153702</b>	<b>40.04</b>
	<b>GRAND TOTAL [(1)+(2)+(3)]</b>	<b>10371968</b>	<b>100.00</b>

**Dematerialisation of Shares**

The Company shares are compulsory traded in dematerialised form. As on 31st March, 2013 the details of the shares of the Company held in physical and demat form are given below:

	<b>No. of Shares</b>	<b>% to the Capital</b>
Shares held in Physical Form	499469	4.81
Shares held in Demat Form - NSDL	9575117	92.32
Shares held in Demat Form - CDSL	297382	2.87
<b>TOTAL</b>	<b>10371968</b>	<b>100.00</b>

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), optionally convertible (of which notice could be given at any time up to February 2014) into equity shares @ Rs.156 per share, totaling to 45,30,000 equity shares.

**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(1D) 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, 2013."

**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

**Ajinkya Firodia**  
Managing Director

Place : Pune  
Date : 28th May, 2013

# 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, 2013, 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: 28th May, 2013.

**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, 2013, 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. 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, 2013;
- (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. 21 describing the basis of the company's ability to continue as a Going Concern.

Note No.3 relating to the diminution in value of investment. As explained in the said note, the diminution is not of permanent nature and hence no provision against the same is required as per AS -13 (Accounting for Investments)

Note No.A-22 relating to Managerial remuneration for which Central Govt. approval is awaited.

# 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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: 28th May, 2013



**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
2103	2886	1687	3302

- (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.11.34 Lakhs, Provident Fund amounting to Rs.6.96 Lakhs and Sales Tax deferral loan amounting to Rs. 53.87 Lakhs were in arrears as at 31.03.2013 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, service 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	67.91	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
Sales Tax 2001-02	92.54	Jt. Commissioner sales Tax, Pune
CST 194-95, 99-2000, 2000-01	103.50	Appellate Dy. Comm. Commercial Tax, Indore
CST 2001-02	27.27	MP Commercial Tax Tribunal, Bhopal
Sales Tax Kolkatta 2001-02	0.60	Sales Tax Tribunal, Kolcutta
Sales Tax Behrampur 1999-00, 2000-01, 01-02	4.50	Sp. Add. Commissioner Commercial Tax Behrampur
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
Excise Duty	301.73	CESTAT Mumbai
Excise Duty	50.47	Supreme Court
Excise Duty	50.14	High Court Madhya Pradesh
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. The company has not incurred cash losses 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. 2956.56 Lakhs have been used for long term investments. Current Maturities of Long Term Debts of Rs. 11308.12 Lakhs have been considered as Long Term borrowings and not as current liabilities.
- (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. As informed to us, in respect of secured debentures issued in the previous year by the merged entity (KMCL), the pledge has been created in favour of debenture holder through an escrow agreement.
- (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: 28th May, 2013.

# KINETIC ENGINEERING LIMITED

## BALANCE SHEET AS AT MARCH 31, 2013

Rupees in Lacs

Particulars	Note No.	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's funds</b>			
(a) Share capital	A-1	4,820.11	3,196.30
(b) Reserves and surplus	A-2	2,186.74	1,713.77
(c) Money received against share warrants		-	-
		<u>7,006.85</u>	<u>4,910.07</u>
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	A-3	4,233.83	12,405.70
(b) Deferred tax liabilities (Net)	A-4	-	-
(c) Other long term liabilities	A-5	-	670.28
(d) Long-term provisions	A-6	457.68	467.80
		<u>4,691.51</u>	<u>13,543.78</u>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	A-7	3,559.21	1,906.07
(b) Trade payables		3,387.36	2,356.71
(c) Other current liabilities	A-8	12,878.41	1,665.77
(d) Short-term provisions	A-9	229.14	134.50
		<u>20,054.12</u>	<u>6,063.05</u>
<b>TOTAL</b>		<u><u>31,752.48</u></u>	<u><u>24,516.90</u></u>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	A-10	9,961.00	9,579.01
(ii) Intangible assets	A-10	-	-
(iii) Capital work-in-progress		183.76	408.66
(iv) Intangible assets under development		-	-
(b) Non-current investments	A-11	14,736.17	7,630.71
(c) Deferred tax assets (net)	A-4	-	-
(d) Long-term loans and advances	A-12	1,082.11	943.25
(e) Other non-current assets	A-13	-	-
		<u>25,963.04</u>	<u>18,561.63</u>
<b>2 Current assets</b>			
(a) Current investments		688.12	2.10
(b) Inventories	A-14	1,746.88	1,978.70
(c) Trade receivables	A-15	2,947.78	3,042.97
(d) Cash and bank balances	A-16	87.55	175.18
(e) Short-term loans and advances	A-17	314.42	752.12
(f) Other current assets	A-18	4.69	4.20
		<u>5,789.44</u>	<u>5,955.27</u>
<b>TOTAL</b>		<u><u>31,752.48</u></u>	<u><u>24,516.90</u></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

**A. H. Firodia** Chairman  
**S. F. Motwani** Vice Chairperson  
**A. A. Firodia** Managing Director

**Sandeep Rao**  
Partner  
Pune  
28th May, 2013

**Pranvesh Tripathi**  
Company Secretary

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

Rupees in Lacs

Particulars	Note No.	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>I.</b> Revenue from operations	A-19	<b>8,021.60</b>	8,306.83
<b>II.</b> Other income	A-20	<b>660.58</b>	347.34
<b>III. Total Revenue (I + II)</b>		<b>8,682.18</b>	8,654.17
<b>IV. Expenses:</b>			
Cost of materials consumed	A-21	<b>5,457.08</b>	5,389.58
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	A-21	<b>95.61</b>	(16.35)
Employee benefits expense	A-22	<b>1,776.53</b>	1,852.76
Finance costs	A-23	<b>912.31</b>	779.10
Depreciation and amortization expense	A-10	<b>948.87</b>	957.71
Less: Transfer from General Reserve (Refere Note No. 2)		<b>89.69</b>	111.12
		<b>859.18</b>	846.59
Other expenses	A-24	<b>2,551.77</b>	2,027.39
		<b>11,652.48</b>	10,879.07
Less: Expenses Capitalised		<b>114.95</b>	91.17
<b>Total expenses</b>		<b>11,537.53</b>	10,787.90
<b>V.</b> Profit before exceptional and extraordinary items and tax (III-IV)		<b>(2,855.35)</b>	(2,133.73)
<b>VI.</b> Exceptional items Income (Net)	A-25	<b>1,498.53</b>	1,440.47
<b>VII. Profit before extraordinary items and tax (V + VI)</b>		<b>(1,356.82)</b>	(693.26)
<b>VIII.</b> Extraordinary Items			
<b>IX. Profit before tax (VII- VIII)</b>		<b>(1,356.82)</b>	(693.26)
<b>X. Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Income Tax provision for earlier years		-	-
		-	-
<b>XI. Profit (Loss) for the period from continuing operations (IX-X)</b>		<b>(1,356.82)</b>	(693.26)
<b>XII.</b> Profit/(loss) from discontinuing operations		-	-
<b>XIII.</b> Tax expense of discontinuing operations		-	-
<b>XIV.</b> Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV. Profit (Loss) for the period (XI + XIV)</b>		<b>(1,356.82)</b>	(693.26)
<b>XVI.</b> Earnings per equity share having nominal value of Rs. 10/- per share			
(1) Basic		<b>(11.43)</b>	(7.23)
(2) Diluted		<b>(11.43)</b>	(7.23)

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

**A. H. Firodia** Chairman  
**S. F. Motwani** Vice Chairperson  
**A. A. Firodia** Managing Director

**Sandeep Rao**  
Partner  
Pune  
28th May, 2013

**Pranvesh Tripathi**  
Company Secretary

# KINETIC ENGINEERING LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax and extraordinary items	(1,356.82)	(693.26)
Adjustment for :	-	-
Depreciation / Amortisation	859.18	846.59
Provision for Doubtful Debts / advances	25.88	(294.54)
Bad debts / advances / claims written off	340.81	357.17
(Profit) / Loss on Sale of Investment (Net)	-	28.88
(Profit) / Loss on Sale / Scrapping of Assets (Net)	29.57	(1,539.05)
Interest and Financial Charges (Net)	895.87	746.95
Gain on waiver of loan	(1,600.00)	-
Dividend Received	(32.83)	(1.10)
Excess provision / credit balances written back	(411.08)	(138.83)
Income from units	(0.19)	(0.18)
Exchange difference loss / (gain)	164.90	158.53
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1,084.71)	(528.85)
Adjustment for :		
Inventories	231.82	(161.68)
Trade and Other Receivables	21.67	213.08
Trade Payables	782.71	(397.06)
CASH GENERATED FROM OPERATIONS	(48.51)	(874.50)
Interest and Financial Charges	(823.75)	(691.56)
Direct Taxes	81.33	82.65
NET CASH FROM OPERATING ACTIVITIES	(790.93)	(1,483.41)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(192.99)	(513.84)
Sale of Fixed Assets	8.77	2,259.02
Purchase / Sale of Investments (Net)	(686.02)	(996.74)
Interest Received	15.96	44.97
Dividend Received	32.83	1.10
Income from units	0.19	0.18
NET CASH FROM INVESTING ACTIVITIES	(821.26)	794.69

**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, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Redemption premium paid	(150.00)	-
Proceeds from Long Term Borrowings	106.07	683.74
Proceeds from Short Term Borrowings	1,653.14	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>1,609.21</b>	<b>683.74</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2.98)</b>	<b>(4.97)</b>
Opening Cash and Cash Equivalents	<b>34.69</b>	26.66
Closing Cash and Cash Equivalents	<b>31.71</b>	21.69

- 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 Opening cash and cash equivalent include cash & cash equivalent of merged entity (Kinetic Motor Company Limited) as on 1st January 2012.
- 4 Cash and cash equivalents comprises of:

	March 31, 2013	March 31, 2012
Cash and cheques on hand	<b>0.31</b>	0.73
Balances with banks	<b>31.40</b>	33.97
	<b>31.71</b>	34.69

- 5 Cash flow for the current year includes figures of merged entity and as such previous year figures are not comparable with current year figures.

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

**A. H. Firodia** Chairman  
**S. F. Motwani** Vice Chairperson  
**A. A. Firodia** Managing Director

**Sandeep Rao**  
Partner  
Pune  
28th May, 2013

**Pranvesh Tripathi**  
Company Secretary

# KINETIC ENGINEERING LIMITED

## Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>Note : A-1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
5,30,13,932 (1,93,60,202) Equity Shares of Rs.10/- each	<b>5,301.39</b>	1,936.02
1,50,00,000 (1,50,00,000) Redeemable Non Convertible Non Cumulative Preference Shares of Rs.10 each	<b>1,500.00</b>	1,500.00
15,07,400 (15,07,400) Optionally Convertible Cumulative Preference Shares of Rs.156/- each	<b>2,351.54</b>	2,351.54
3,20,500 (320,500) Redeemable Cumulative Preference Shares of Rs. 156/- each.	<b>499.98</b>	499.98
19,23,080 (19,23,080) Compulsorily Convertible Cumulative Preference Shares of Rs 156/- each	<b>3,000.00</b>	3,000.00
5,24,560 (5,24,560) Unclassified Shares of Rs.10/- each	<b>52.47</b>	52.47
5,30,000 (Nil) Convertible Cumulative Preference Shares of Rs. 65/- each	<b>344.50</b>	-
30,85,500 (Nil) Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	<b>2,005.58</b>	-
18,53,650 (Nil) 8.5% New Optionally Convertible Cumulative Preference Shares of Rs. 65/- each	<b>1,204.87</b>	-
7,70,000 (Nil) Redeemable Cumulative Preference Shares of Rs.65/- each	<b>500.50</b>	-
5,00,000 (Nil) Redeemable Cumulative Preference Shares of Rs.100/- each	<b>500.00</b>	-
59,09,090 (Nil) 8.5% Optionally Convertible cumulative Preference Shares of Rs 22/- each	<b>1,300.00</b>	-
1,03,00,000 New Redeemable Preference Shares of Rs 10/- each	<b>1,030.00</b>	-
	<b>19,590.83</b>	9,340.01
<b>Issued</b>		
1,03,71,968 (1,03,71,968) Equity Shares of Rs.10/- each	<b>1,037.20</b>	1,037.20
1,50,00,000 (1,50,00,000) Redeemable Non Convertible Non Cumulative Preference Shares of Rs.10 each	<b>1,500.00</b>	1,500.00
1,02,000 (1,02,000) Optionally Convertible Cumulative Preference Shares of Rs. 156/- each	<b>159.12</b>	159.12
3,20,500 (3,20,500) Redeemable Cumulative Preference Shares of Rs. 156/- each.	<b>499.98</b>	499.98
	<b>3,196.30</b>	3,196.30
<b>Subscribed &amp; Fully Paid up</b>		
1,03,71,968 (1,03,71,968) Equity Shares of Rs.10/- each	<b>1,037.20</b>	1,037.20
1,50,00,000 (1,50,00,000) Redeemable Non Convertible Non Cumulative Preference Shares of Rs.10 each	<b>1,500.00</b>	1,500.00
1,02,000 (1,02,000) Optionally Convertible Cumulative Preference Shares of Rs. 156/- each	<b>159.12</b>	159.12
3,20,500 (3,20,500) Redeemable Cumulative Preference Shares of Rs. 156/- each.	<b>499.98</b>	499.98
Share Capital Suspense (Refer Note 2)	<b>1,623.81</b>	-
<b>Total</b>	<b>4,820.11</b>	3,196.30



**Notes to Accounts**

Particulars	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	Number	Rupees in Lacs	Number	Rupees in Lacs
<b>a) Reconciliation of share capital</b>				
<b>Equity Share Capital:</b>				
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	-	-	-	-
Reduction in share capital	-	-	-	-
Shares outstanding at the end of the year	10,371,968	1,037.20	10,371,968	1,037.20
<b>Redeemable Non Convertible Non Cumulative Preference Share Capital:</b>				
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
<b>Optionally Convertible Cumulative Preference Share Capital:</b>				
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
<b>Redeemable Cumulative Preference Share Capital:</b>				
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

Note:- Shares pending allotment and shown under Share Capital Suspense have not been considered above.

# KINETIC ENGINEERING LIMITED

## Notes to Accounts

Particulars	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	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	11.53%	1,195,562	11.53%
(b) Reliance Capital Limited	715,000	6.89%	715,000	6.89%
(c) Arun H. Firodia	1,048,372	10.11%	1,048,372	10.11%
(d) Jayashree A. Firodia	3,164,988	30.51%	3,164,988	30.51%
(e) Microage Instruments Private Limited	1,582,633	15.26%	1,582,633	15.26%

#### Redeemable Non Convertible Non Cumulative Preference Share Capital:

(a) Reliance Capital Limited	-	-	150,000,000	100.00%
(b) Ashadeep Properties Private Limited	150,000,000	100.00%	-	-

#### Optionally Convertible Cumulative Preference Share Capital:

(a) Microage Instruments Private Limited	102,000	100.00%	102,000	100.00%
--	---------	---------	---------	---------

#### Redeemable Cumulative Preference Share Capital:

(a) Microage Instruments Private Limited	320,500	100.00%	320,500	100.00%
--	---------	---------	---------	---------

### c) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	March 31, 2013		March 31, 2012	
	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	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Equity Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash (Pursuant to the scheme of Arrangement)	-	-	-	1,782,774	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back (Cancelled pursuant to the scheme of Arrangement)	-	-	-	29,341	-

## Notes to Accounts

Particulars	March 31, 2013	March 31, 2012
<b>e) Unpaid calls</b>		
By Directors	NIL	NIL
By Officers	NIL	NIL

### f) Other details

- 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.
- 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 (Refer Note No. 12)
- Out of above Equity Shares 36,700 (36,700) Equity Shares allotted under Employee Stock Option Scheme.
- 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.
- 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.
- 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, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>Note : A-2</b>		
<b>Reserves &amp; Surplus</b>		
(a) Capital Reserves	1,248.19	1,248.19
Add: On Merger (Refer Note 2)	2,082.37	
(b) Securities Premium Reserve		
Opening Balance	5,290.20	5,222.37
Add Written Back of Redemption Premium (Net)		67.83
Less Premium for Redemption of Preference Shares	150.00	-
Closing Balance	5,140.20	5,290.20
(c) General Reserve		
Opening Balance	9,043.88	9,154.99
Less Adjustment for Depreciation	89.69	111.12
Closing Balance	8,954.19	9,043.87
(d) Special Reserve	0.45	0.45
(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	(13,681.26)	(12,987.99)
Add Net Profit / (Loss) for the current year	(1,356.82)	(693.26)
Closing Balance	(15,038.08)	(13,681.25)
(e) Foreign Currency Monetary Item Translation Difference Account	(200.58)	(187.69)
<b>TOTAL</b>	<b>2,186.74</b>	<b>1,713.77</b>

### Note : A-3

#### Long Term Borrowings

##### Secured

(a) Term Loans from Banks:		
Vehicle Loans	9.27	8.46
(b) Loans from related parties - Debentures	900.00	

##### Unsecured

(a) Term Loans from Others	735.50	1,065.00
(b) Deferred Payment Liabilities		
Interest Free Sales Tax Loan	87.24	119.20
(c) Loans and advances from related parties	2,446.82	1,862.65
(d) Other Loans and Advances		
(i) Foreign Currency Convertible Bonds	-	9,350.39
(ii) Debentures	-	55.00

<b>TOTAL</b>	<b>4,233.83</b>	<b>12,405.70</b>
--------------	-----------------	------------------

## Notes to Accounts

### A.) Security:

- (i) Vehicle term loan from banks are secured by hypothecation of vehicle purchased against such term loan.
- (ii) Secured Debentures are secured by pledge of 90,000 Equity Shares of Mahindra Two Wheelers Limited.

### 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:

<b>Repayment Date</b>	<b>Rs. In Lacs</b>
30.04.2014	28.83
30.04.2015	25.37
30.04.2016	21.00
30.04.2017	12.04

- (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 5 to 7 years based on cash flow position of the company. Expected repayment within next 12 months Rs. 120 Lacs is shown under current maturities.

- (iv) Term loan from others of Rs. 735.50 Lacs is repayable by 10 yearly instalment of Rs. 73.55 lacs starting from November, 2014.

- (v) Secured Debentures (90,000 debentures of Rs.1000 each).

Kinetic Motor Company Limited ( KMCL) has allotted 90,000 NonConvertible Debentures of Rs. 1,000/- each to Kinetic Motor Automotives Pvt Ltd ( KMAPL) on 12th July, 2011. The redemption of the NCDs are linked with the Cut-off date and liquidity events as described in the NCD Agreement between the Company and KMAPL and linked to an IPO by Mahindra Two Wheelers Limited ( MTWL) by 15th November, 2015. However, if MTWL has not undertaken an IPO by November 15, 2015, KMAPL will give a notice for redemption of NCDs to KMCL and after the end of 120 days from the date of the notice KMAPL has to be given exit by redemption of NCDs. KMCL has since merged with Kinetic Engineering Limited wef 01.01.2012.

- (vi) Unsecured Debentures (5,500 debentures of Rs.1000 each).

Kinetic Motor Company Limited ( KMCL) has allotted 5,500 NonConvertible Debentures of Rs. 1,000/- each to Ambit Corporate Finance Pvt. Ltd. (Ambit) on 8th January, 2013. The redemption of the NCDs are linked with the Cut-off date and liquidity events as described in the NCD Agreement between the Company and Ambit and linked to an IPO by Mahindra Two Wheelers Limited ( MTWL) by 15th November, 2015. However, if MTWL has not undertaken an IPO by November 15, 2015 Ambit will give a notice for redemption of NCDs to KMCL and after the end of 120 days from the date of the notice Ambit has to be given exit by redemption of NCDs. KMCL has since merged with Kinetic Engineering Limited wef 01.01.2012.



**Notes to Accounts**

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>Note : A-7</b>		
<b>Short Term Borrowings</b>		
<b>Secured</b>		
(a) Loans Repayable on Demand from Banks		
Cash Credit (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.)	1,014.56	1,173.81
(b) Buyers Credit from Banks (Secured by way of lien on Fixed Deposit)	153.36	152.34
<b>Sub Total</b>	<b>1,167.92</b>	<b>1,326.15</b>
<b>Unsecured</b>		
(a) Overdraft Facility from Bank	1,027.29	579.92
(b) Short Term Loan from Others	1,364.00	-
<b>Sub Total</b>	<b>2,391.29</b>	<b>579.92</b>
<b>TOTAL</b>	<b>3,559.21</b>	<b>1,906.07</b>

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

(a) Current maturities of long-term debt (Refer Note below)	11,308.12	718.79
(b) Interest accrued and due on borrowings	186.32	11.53
(c) Interest accrued but not due on borrowings	45.07	131.30
(d) Investor Education & Protection fund will be credited by the following amounts (as and when due).		
(i) Unpaid dividends (unclaimed)	0.02	-
(ii) Unpaid matured deposits and interest accrued thereon	0.20	0.88
(e) Other payables		
(i) Advance against Sales	84.09	284.40
(ii) VRS Payable	12.67	84.05
(iii) Premium payable on Redemption of Preference Shares	820.27	-
(iv) Capital Creditors	20.09	45.70
(v) Other Liabilities (Including statutory dues, security deposit etc.)	400.53	389.12
(vi) Advance against Supa Land / Advance from customers	1.03	-
<b>TOTAL</b>	<b>12,878.41</b>	<b>1,665.77</b>

# KINETIC ENGINEERING LIMITED

**Note:-** Current maturities of long-term debt include Foreign Currency Convertible Bonds of USD 18,000,000 which are convertible into Equity Shares at the option of the holders, on following terms:

- (a) Foreign Currency value of bonds convertible at a fixed exchange rate of USD 1 = Rupees 39.26
- (b) The Rupee value of bonds, as above, is convertible into Equity Shares of Rs. 10/- each, at a price of Rs. 156/- per Equity Share.
- (c) The option to convert can be notified to the Company, latest by 5th February, 2014.
- (d) If not converted, the bonds are redeemable on 15th February, 2014, at a premium of 24.50% of the outstanding principal value of the bonds.

**Continuing default as on the date of Balance Sheet:**

- (i) Current maturities of long term debts include instalments of sales tax loan of Rs. 20.10 lacs and Rs. 33.77 lacs which were due on 30.04.2011 and 30.04.2012 respectively, which are outstanding as on the date of Balance Sheet.

---

**Note : A-9**

**Short Term Provisions**

- (a) Provision for employee benefits

(i) Gratuity (Funded)	<b>150.27</b>	60.00
(ii) Leave Encashment (unfunded)	<b>78.87</b>	74.50

<b>TOTAL</b>	<b>229.14</b>	134.50
--------------	---------------	--------

---



## Notes to Accounts

## Note A-10 : FIXED ASSETS

Particulars	Rupees in Lacs									
	Tangible					In-tangible				
	Lease-hold Land **	Free-hold Land	Buildings	Machinery	Plant & Electrical Installation & Fittings	Dies, Jigs & Fixtures	Furniture Fix. & Office Equipments	Vehicles	Technical Know-howAs **	Balance As At 31st March, 2012
<b>(1) GROSS BLOCK : OWNED ASSETS</b>										
As At 31st March, 2012	82.46	2,080.00	3,084.34	17,339.34	191.14	5,475.70	341.68	61.87	594.39	29,250.92
Additions	-	-	-	579.03	6.28	191.43	19.27	15.10	-	811.12
Business Acquisition	535.85	-	32.61	6.23	-	-	-	-	-	574.69
Deductions	-	-	32.61	11.09	-	-	-	13.62	-	57.32
<b>As At 31st March 2013</b>	<b>618.31</b>	<b>2,080.00</b>	<b>3,084.34</b>	<b>17,913.52</b>	<b>197.42</b>	<b>5,667.13</b>	<b>360.95</b>	<b>63.34</b>	<b>594.39</b>	<b>30,579.40</b>
<b>Depreciation / Amortisation</b>										
Upto 31st March, 2012	4.70	-	2,535.12	11,046.65	148.18	5,015.99	295.70	31.18	594.39	19,671.92
For The Year 2012-2013	2.27	-	98.55	693.24	3.75	134.80	14.22	2.03	-	948.86
Business Acquisition	4.14	-	12.10	0.37	-	-	-	-	-	16.62
Deductions	-	-	13.19	5.32	-	-	-	0.47	-	18.99
<b>Tot Dep/Amort Upto 31st Mar 2013</b>	<b>11.11</b>	<b>-</b>	<b>2,632.59</b>	<b>11,734.93</b>	<b>151.94</b>	<b>5,150.79</b>	<b>309.92</b>	<b>32.73</b>	<b>594.39</b>	<b>20,618.41</b>
<b>Net Block As At 31st Mar 2013</b>	<b>607.20</b>	<b>2,080.00</b>	<b>451.75</b>	<b>6,178.58</b>	<b>45.49</b>	<b>516.34</b>	<b>51.03</b>	<b>30.61</b>	<b>-</b>	<b>9,960.99</b>
Net Block As At 31st March 2012	77.77	2,080.00	549.21	6,292.69	42.96	459.71	45.97	30.69	-	9,579.00
** Amortisation Charges For The Year Are In Respect Of Leasehold Land And Technical Know-how.										9,855.89
<b>(2) GROSS BLOCK : LEASED ASSETS</b>										
As At 31st March, 2012	-	-	-	4.07	-	-	-	-	-	4.07
Additions	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
<b>As At 31st March 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.07</b>
<b>Depreciation / Amortisation</b>										
Upto 31st March, 2012	-	-	-	4.06	-	-	-	-	-	4.06
For The Year 2012-2013	-	-	-	0.00	-	-	-	-	-	0.00
Deductions	-	-	-	-	-	-	-	-	-	-
<b>Tot Dep/Amort Upto 31st Mar 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.06</b>
<b>Net Block As At 31st Mar 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
<b>Net Block As At 31st March 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
<b>Net Block As At 31st Mar 2013</b>	<b>607.20</b>	<b>2,080.00</b>	<b>451.75</b>	<b>6,178.59</b>	<b>45.49</b>	<b>516.34</b>	<b>51.03</b>	<b>30.61</b>	<b>-</b>	<b>9,961.00</b>
Net Block As At 31st March 2012	77.77	2,080.00	549.21	6,292.70	42.96	459.71	45.97	30.69	-	9,579.01

## NOTE:

- Gross block includes revaluation of assets made in terms of scheme 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
- Additions include Exchange Rate Difference loss of 648.22.

# KINETIC ENGINEERING LIMITED

## Notes to Accounts

Note :A-11

### Non Current Investments

Rupees in Lacs

Particulars	Trade Investments		Other Investments		Total		Particulars	Amount	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012		2013	2012
Long term investments	14,720.80	3,334.34	15.13	15.13	14,735.93	3,349.46			
(a) Investment in Equity instruments	0.00	4,281.02	0.00	0.00	0.00	4,281.02	1.34	3,311.87	
(b) Investments in preference shares	0.00	0.00	0.24	0.22	0.24	0.22			
(c) Investments in Government or Trust Securities							14,734.83	4,318.83	
<b>Total</b>	<b>14,720.80</b>	<b>7,615.36</b>	<b>15.37</b>	<b>15.35</b>	<b>14,736.17</b>	<b>7,630.71</b>	<b>15.08</b>	<b>1,072.26</b>	

### 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)		
					2013	2012		2013	2012	2013	2012	2013	2012	2013	2012	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
(a)	<b>Investment in Equity Instruments - at cost</b>															
1	Kinetic Motor Company Limited	Associate	10.00	10,167,975	Quoted	Fully Paid	3,310.53	3,310.53			0.00	0.00	3,310.53			
2	Athena Financial Services Limited	Associate	10.00	5,519,513	Quoted	Fully Paid	1,959.49	1,959.49	1,959.49	1,959.49	0.00	0.00	0.00			
3	Tata Motors Limited	Other	10.00	80	Quoted	Fully Paid	0.26	0.26			0.26	0.26	0.00			
4	Kinetic Communications Limited	Associate	10.00	16,000	Unquoted	Fully Paid	1.60	1.60			1.60	1.60	1.60			
5	Kinetic Escalator and Elevator Limited	Associate	10.00	36,000	Unquoted	Fully Paid	3.60	3.60			3.60	3.60	3.60			
6	Kinetic Marketing & Services Limited	Associate	10.00	253,400	Unquoted	Fully Paid	25.34	16.34			25.34	16.34	16.34			
7	Kinetic Motor Automotives Private Limited	Associate	10.00	20,000	Unquoted	Fully Paid	2.00	2.00			2.00	2.00	2.00			
8	Mahindra Two Wheelers Limited	Other	10.00	61,200,000	Unquoted	Fully Paid	14,688.00	-			14,688.00	0.00	0.00			
<b>Total</b>							<b>16,680.29</b>	<b>5,293.83</b>	<b>1,959.49</b>	<b>1,959.49</b>	<b>14,720.80</b>	<b>3,334.34</b>				

### (b) Investments in Preference Shares - at cost

1	Kinetic Motor Company Limited	Associate	65.00	530,000	Unquoted	Fully Paid	344.50	344.50			0.00	0.00	344.50		
(i)	Convertible Cumulative Preference Shares		65.00	148,5346	Unquoted	Fully Paid	965.47	965.47			0.00	0.00	965.47		
(ii)	Optionally Convertible Cumulative Preference Shares		65.00	221,7000	Unquoted	Fully Paid	1,441.05	1,441.05			0.00	0.00	1,441.05		
(iii)	Redeemable Cumulative Preference Shares		100.00	500,0000	Unquoted	Fully Paid	500.00	500.00			0.00	0.00	500.00		
(iv)	Redeemable Cumulative Preference Shares		10.00	10300000	Unquoted	Fully Paid	1,030.00	1,030.00			0.00	0.00	1,030.00		
(v)	New Redeemable Preference Shares		10.00	13650	Unquoted	Fully Paid	1.37	1.37	131.97	1.37	0.00	0.00	1,030.00		
2	Athena Financial Services Limited	Associate	10.00	446983	Unquoted	Fully Paid	131.97	131.97			0.00	0.00	0.00		
<b>Total</b>							<b>131.97</b>	<b>4,282.39</b>	<b>131.97</b>	<b>1.37</b>	<b>0.00</b>	<b>0.00</b>	<b>4,281.02</b>		
<b>Total (A)</b>							<b>16,812.26</b>	<b>9,576.21</b>	<b>2,091.45</b>	<b>1,960.85</b>	<b>14,720.80</b>	<b>7,615.36</b>			

**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)	2013 (8)	2012 (9)	2013 (10)	2012 (11)	Provision for diminution in value of Investments	Amount (Net)	2013 (12)	2012 (13)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>(a) Investment in Equity Instruments - at cost</b>															
1	Ashok Laylend Limited	Others	1.00	500	Quoted	Fully Paid	0.11	0.11	0.11				0.11	0.11	0.11
2	Daewoo Motors (India) Limited (Formerly DCM Toyota Ltd.)	Others	10.00	50	Quoted	Fully Paid	0.01	0.01	0.01				0.01	0.01	0.01
3	Eicher Limited	Others	10.00	39	Quoted	Fully Paid	0.03	0.03	0.03				0.03	0.03	0.03
4	Eicher Motors Limited	Others	10.00	26	Quoted	Fully Paid	0.02	0.02	0.02				0.02	0.02	0.02
5	Escorts Limited	Others	10.00	50	Quoted	Fully Paid	0.05	0.05	0.05				0.05	0.05	0.05
6	Hero Honda Motors Limited	Others	2.00	630	Quoted	Fully Paid	0.19	0.19	0.19				0.19	0.19	0.19
7	Hindustan Motors Limited	Others	10.00	100	Quoted	Fully Paid	0.05	0.05	0.05				0.05	0.05	0.05
8	LML Limited	Others	10.00	50	Quoted	Fully Paid	0.03	0.03	0.03				0.03	0.03	0.03
9	Majestic Auto Limited	Others	10.00	95	Quoted	Fully Paid	0.27	0.27	0.27				0.27	0.27	0.27
10	Hero Motocorp Limited	Others	10.00	95	Quoted	Fully Paid	0.27	0.27	0.27				0.27	0.27	0.27
11	(Formerly Hero Motors Limited)	Others	5.00	1	Quoted	Fully Paid	0.03	0.03	0.03				0.03	0.03	0.03
12	Mahindra & Mahindra Limited	Others	5.00	332	Quoted	Fully Paid	0.15	0.15	0.15				0.15	0.15	0.15
13	SML ISUZU Limited	Others	10.00	50	Quoted	Fully Paid	0.01	0.01	0.01				0.01	0.01	0.01
14	(Formerly Swaraj Mazda Ltd.)	Others	10.00	50	Quoted	Fully Paid	0.03	0.03	0.03				0.03	0.03	0.03
15	The Premier Automobiles Limited	Others	1.00	1,000	Quoted	Fully Paid	0.08	0.08	0.08				0.08	0.08	0.08
16	TVS Motor Co. Limited	Others	10.00	2,500	Unquoted	Fully Paid	0.25	0.25	0.25				0.25	0.25	0.25
	Saraswat Co-operative Bank Limited	Associate	10.00	13,800	Unquoted	Fully Paid	13.80	13.80	13.80				13.80	13.80	13.80
	Ajinkya Auto Fab Private Limited	Associate			Unquoted	Fully Paid	15.13	15.13	15.13			0.00	15.13	15.13	15.13
	<b>Total</b>						<b>15.13</b>	<b>15.13</b>	<b>15.13</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>15.13</b>	<b>15.13</b>	<b>15.13</b>
<b>(b) Investments in Government or Trust Securities</b>															
1	7 Years National Savings Certificates	Others	N.A.	N.A.	Unquoted	N.A.	0.24	0.24	0.24				0.24	0.24	0.24
	<b>Total</b>						<b>0.24</b>	<b>0.24</b>	<b>0.24</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.24</b>	<b>0.24</b>	<b>0.24</b>
	<b>Total (B)</b>						<b>15.37</b>	<b>15.37</b>	<b>15.37</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>15.37</b>	<b>15.37</b>	<b>15.35</b>
<b>Note : A-11 Current Investments</b>															
<b>(a) Investment in Mutual Funds - Valued at NAV</b>															
1	HDFC Cash Management Fund	Others		8,934,284	Quoted	Fully Paid	2.29	2.29	2.10				2.29	2.10	2.10
2	HDFC Maturity Fund / Liquid Fund	Others		291,067,018	Quoted	Fully Paid	30.00	30.00	-				30.00	0.00	0.00
3	Franklin Templeton Investments ( Low Duretion)	Others		679,307,608	Quoted	Fully Paid	70.27	70.27	-				70.27	0.00	0.00
4	Franklin Templeton Investments short term income fund	Others		11,127,275	Quoted	Fully Paid	129.50	129.50	-				129.50	0.00	0.00
5	BNP Paribas Mutule Fund	Others		643,942,249	Quoted	Fully Paid	66.05	66.05	-				66.05	0.00	0.00
6	Kotak Bond Schem Plan A -Growth	Others		295,192,495	Quoted	Fully Paid	100.00	100.00	-				100.00	0.00	0.00
7	SBI LO28G Magnum Income Regular Fund - Growth	Others		343,640,250	Quoted	Fully Paid	100.00	100.00	-				100.00	0.00	0.00
8	Birla Sun Life Dynamic Bond Fund -Retail Growth-Regu.	Plan Others		504,044,961	Quoted	Fully Paid	100.00	100.00	-				100.00	0.00	0.00
9	Reliance Dynamic Bond Fund -Growth	Option Plan Others		573,347,009	Quoted	Fully Paid	90.00	90.00	-				90.00	0.00	0.00
	<b>Total (C)</b>						<b>688.12</b>	<b>688.12</b>	<b>2.10</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>688.12</b>	<b>2.10</b>	<b>2.10</b>

# KINETIC ENGINEERING LIMITED

## Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>Note : A-12</b>		
<b>Long Term Loans and Advances</b>		
(a) Capital Advances		
Unsecured, considered good	96.15	98.17
Doubtful	96.15	98.17
Less: Provision for doubtful advances	96.15	98.17
(b) Security Deposits		
Unsecured, considered good	290.06	247.21
Doubtful	13.02	
	303.08	247.21
Less: Provision for doubtful deposits	13.02	
	290.06	247.21
(c) Other Loans and advances		
(i) Advances		
Unsecured, considered good	252.39	153.33
Doubtful	83.94	49.16
	336.33	202.49
Less Provision for doubtful advances	83.94	49.16
	252.39	153.33
(ii) Bills Receivable	206.65	206.65
(iii) Advance Income tax net of provision	236.86	237.89
	1,082.11	943.25

### Note : A-13

#### Other Non Current Assets

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

**Notes to Accounts**

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>Note : A -14</b>		
<b>Inventories</b>		
(a) Raw Materials	667.65	743.23
(b) Work-in-progress	453.85	549.46
(c) Finished goods	5.48	5.48
(d) Stores and spares	619.90	680.53
<b>TOTAL</b>	<b>1,746.88</b>	<b>1,978.70</b>

**Note : A-15****Trade receivables**

(i) Trade receivables outstanding for a period less than six months from due date		
Unsecured, considered good	2,527.05	2,615.67
Unsecured, considered doubtful	-	-
	<b>2,527.05</b>	2,615.67
Less Provision for doubtful debts	-	-
	<b>2,527.05</b>	2,615.67
(ii) Trade receivables outstanding for a period exceeding six months from due date		
Unsecured, considered good	420.73	427.30
Unsecured, considered doubtful	-	-
	<b>420.73</b>	427.30
Less Provision for doubtful debts	-	-
	<b>420.73</b>	427.30
<b>TOTAL</b>	<b>2,947.78</b>	<b>3,042.97</b>

**Note : A-16****Cash & Bank Balances**

(a) Cash & Cash Equivalents		
(i) Cash on hand	0.31	0.60
(ii) Balances with banks	31.40	21.09
(b) Other bank balances		
(i) Fixed deposits (more than 3 months but less than 12 months) (Ermarked with banks)	55.84	153.49
<b>TOTAL</b>	<b>87.55</b>	<b>175.18</b>

# KINETIC ENGINEERING LIMITED

## Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
<b>Note : A-17</b>		
<b>Short term loans and advances</b>		
(a) Others (specify nature)		
(i) Deposits with Govt. authorities		
Unsecured, considered good	6.60	9.55
Doubtful	-	-
	6.60	9.55
Less Provision for doubtful advances	-	-
	6.60	9.55
(ii) Advances to suppliers and others		
Unsecured, considered good	307.82	742.57
Doubtful	-	-
	307.82	742.57
Less Provision for doubtful advances	-	-
	307.82	742.57
<b>TOTAL</b>	<b>314.42</b>	<b>752.12</b>

### Note : A-18

#### Other current assets

(i) Interest Accrued on Investments & Deposits	4.69	4.20
<b>TOTAL</b>	<b>4.69</b>	4.20

### Note : A-19

#### Revenue from Operations (Refer Part C-5(A))

Sale of Products	8,282.53	8,303.05
Less Excise duty	744.93	635.81
	7,537.60	7,667.24
Machining and Processing Receipts	458.44	639.59
Other Operating Revenues - Royalty Receipt	25.56	-
<b>TOTAL</b>	<b>8,021.60</b>	<b>8,306.83</b>

**Notes to Accounts**

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
-------------	---	--

**Note : A-20****Other Income**

(a) Interest Income		
(i) On Fixed Deposits	5.53	15.55
(ii) From Others	10.90	16.59
(b) Dividend Income from others	-	-
(i) From Long Term Investment	0.79	1.10
(ii) From Short Term Investment	32.04	-
(c) Gain on Sale of Investments (Net)	9.93	-
(d) Income from Units	0.19	0.18
(e) Miscellaneous Receipts	190.12	175.09
(f) Sundry Credit Balances Written Back	364.24	80.97
(g) Excess Provision Written Back	19.80	57.86
(h) One Time Settlement Gain on Vendor payment	27.04	
<b>TOTAL</b>	<b>660.58</b>	<b>347.34</b>

**Note : A-21****Material Consumed**

Raw Material Consumed	4,131.88	4,047.81
Stores and Spares Consumed	640.74	649.66
Fabrication & Processing Charges	546.50	531.96
Freight, Octroi & Forwarding Charges	137.96	160.15
	<b>5,457.08</b>	<b>5,389.58</b>

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

Finished Goods	5.48	5.48
Work-In- Progress	549.46	533.11
	<b>554.94</b>	<b>538.59</b>

**Closing Stock**

Finished Goods	5.48	5.48
Work-In- Progress	453.85	549.46
	<b>459.33</b>	<b>554.94</b>
	<b>95.61</b>	<b>(16.35)</b>

**Note : A-22****Employee Benefits Expenses**

Salaries, Wages and Bonus	1,501.84	1,566.61
Contribution to Provident Fund and Other Funds	128.50	122.67
Gratuity	74.55	95.80
Staff & Labour Welfare Expenses	71.64	67.68
<b>TOTAL</b>	<b>1,776.53</b>	<b>1,852.76</b>

**Note:-** Employee Benefit Expenses include remuneration paid to Chairman, Vice Chairperson and Managing Director amounting to Rs.101.16 lakhs Which is subject to Approval of Central Government.

# KINETIC ENGINEERING LIMITED

## Notes to Accounts

Rupees in Lacs

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
-------------	---	--

### Note : A-23

#### Finance Cost

Interest Expense	891.32	743.47
Other Borrowing Costs	20.99	35.63
<b>TOTAL</b>	<b>912.31</b>	<b>779.10</b>

### Note : A-24

#### Other Expenses

Excise Duty Paid (Net)	18.53	20.70
Power & Fuel	852.03	865.20
Repairs and Maintenance:		
Buildings	40.24	25.03
Machinery	111.81	84.92
Others	9.16	25.30
Warranty Rejection	2.94	26.37
Insurance	8.72	26.06
Rent	207.12	64.79
Rates and taxes	23.89	50.13
Publicity & Sales Promotion	1.24	0.86
Directors Fees & Travelling Expenses	0.54	0.60
Travelling Expenses	70.89	74.43
Packing and Forwarding Charges	118.20	159.10
Legal, Professional & Consultancy Fee	290.29	217.57
Bad Debts / Advances Written Off	340.81	357.17
Excess Provision Written Back - Doubtful Debts	-	(294.54)
Provision for Doubtful Debts / Advances	25.88	-
Miscellaneous Expenses	315.86	186.72
Outward Freight Charges	88.56	108.11
Loss on Sale / Disposal of Investment (Net)	-	28.87
Loss on Scrapping of Assets	25.06	-
<b>TOTAL</b>	<b>2,551.77</b>	<b>2,027.39</b>

### Note : A-25

#### Exceptional Items

Profit / (Loss) on sale of Assets	(4.51)	1,539.05
Unrealised Exchange Fluctuation Gain / (Loss)	(96.96)	(98.58)
Gain on waiver of loan	1,600.00	-
<b>TOTAL</b>	<b>1,498.53</b>	<b>1,440.47</b>



## NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2013

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.

# KINETIC ENGINEERING LIMITED

## **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. "The scheme of Amalgamation (the scheme) of Kinetic Motor Company Ltd. (KMCL) with the company (KEL) was approved by the honorable High Court Bombay vide their order dated 8th February, 2013. Appointed date of the Amalgamation is 1st January, 2012 and its effective date is 11th March, 2013." "The Amalgamation is accounted for in the financial statements of the company as per Purchase Method by incorporating Assets and Liabilities of KMCL at their fair values and accordingly the value of investment in Mahindra Two Wheeler Ltd. and Land at Supa has been considered at their fair values, as valued by independent valuers, at Rs. 14688 Lacs and Rs. 530.34 Lacs respectively." "Capital Reserve has been credited by Rs. 2082.37 Lacs being Excess of Net Assets value acquired from KMCL over the consideration by way of issue of shares of company in terms of the scheme and charging expenses relating to Amalgamation. As stipulated in the scheme, authorized capital of KMCL is added in the authorized capital of the company. " "Inter-Company balances and investments have been eliminated. In terms of the scheme, inter corporate deposit of Micro Age Instruments P. Ltd.(MAIPL) is adjustable against the transfer of 30 Acres of Land at Supa acquired as per the Scheme. Accordingly, balance of inter corporate deposit after taking into consideration the waiver of Rs. 1600 Lacs would be adjusted against the fair value of Supa Land and the excess amount of inter corporate deposit over the fair value of Land amounting to Rs.204.63 Lacs would be credited to Capital Reserve upon execution of necessary agreement. Had the scheme not prescribed this treatment such excess amount would be credited to statement of Profit and Loss. " "Details of consideration payable as per the Scheme:" "a) 4 fully paid Equity Shares of Rs.10/- each in the company will be issued for every 31 Equity shares held by the shareholders of KMCL." "b) 1 Redeemable preference share of Rs.65/-each in the company will be issued for every optionally converted preference share of RS.65/-each of KMCL, held by Micro Age Instruments Pvt Ltd (MAIPL)." "c) 1 Redeemable preference share of Rs. 65/- each in the company will be issued for every New optionally converted preference share of Rs. 65/-each of KMCL, held by MAIPL." "d) 100 fully paid equity shares of Rs.10/-each in the company for every 621 Optionally convertible cumulative preference shares of Rs. 22/- each of KMCL, held by Ajinkya Holding P. Ltd." "Total 3193882 Equity shares of Rs. 10/- each and 2006804 Redeemable preference shares of Rs.65/-each, to be issued in terms of the Scheme totaling to Rs. 1623.81 Lacs, has been shown as Share Capital Suspende. " "

3. Consequent to Amalgamation of Kinetic Motor Company Limited (KMCL) with the Company (KEL), in terms of Bombay High Court's order for approving the Scheme of Amalgamation between KMCL & KEL dated 08th February, 2013 having appointed date of Merger as 1st January, 2012, the investment made by KMCL in Mahindra Two Wheelers

Limited (MTWL) has been incorporated in the financial statements of the company at the fair value of Rs. 146.88 Crores. Though, there is substantial erosion in the net worth of MTWL as on 31.03.2013, the management is of the opinion that the investment made in MTWL is long term and strategic in nature and the consequential diminution in value of investment due to erosion in net worth is temporary in nature and therefore no provision for the same as per AS-13, Accounting for Investments, has been considered necessary.

4. 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.89.69 Lacs (Rs. 111.12 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.

5. **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	445.39	(331.28)
c. Excise Duty in dispute	698.23	(421.24)
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	233.33	(276.70)
g. Labour Cases	47.07	(2.00)
h. General Surety Bond executed in favour of Excise Dept for JHS Taigene Electrical Co. Pvt. Ltd.	0.00	(300.00)
i. Entry Tax in dispute	10.13	0.00
j. Other compensation matters	20.00	0.00
k. Claim against Company not acknowledged as debt.	26.07	0.00
Commitments :		
On Capital Account	576.99	(487.16)

**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.

6 (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	1,386.68	0.00	0.00
	(921.43)	0.00	0.00
Gear Box/ Shaft drive	4,224.32	-	-
	(4,140.11)	-	-
IC Engines	52.37	-	-
	(92.49)	-	-
**Variator, Front Fork & Front Shockabsorber	1,468.70	-	-
	(1,962.11)	-	-
Auto Components & Others	1,150.46	2.28	2.28
	(1,186.90)	(2.28)	(2.28)
<b>Grand Total</b>	<b>8,282.53</b>	<b>5.48</b>	<b>5.48</b>
	(8,303.04)	(5.48)	(5.48)

# KINETIC ENGINEERING LIMITED

## (b) DETAILS OF WORK IN PROGRESS UNDER BROAD HEADS

Particulars	Rs. In Lacs	
	WIP Stock	
	31.03.2013	31.03.2012
Two Wheelers	-	-
Steering Arm/ Slip Yoke	80.30	83.24
Gear Box/ Shaft drive	228.03	277.64
C Engines	31.32	36.76
**Variator, Front Fork & Front Shockabsorber	24.61	28.24
Auto Components & Others	89.59	123.58
<b>Grand Total</b>	<b>453.85</b>	<b>549.46</b>

7. 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.

### 8. PAYMENT TO AUDITORS :

	Rs. in Lacs	Rs. in Lacs
Audit Fees (Including fees of Rs. 2.50 Lacs (Rs. 2.50 Lacs) for audit under Section 44AB of Income Tax Act, 1961)	<b>5.50</b>	(5.50)
For Other Services	<b>1.04</b>	(1.41)
For Expenses	<b>0.24</b>	(0.22)

### 9. CONSUMPTION OF RAW MATERIALS AND COMPONENTS :

Description	Value (Rs. in Lacs)	
<b>(A) Raw Materials :</b>		
Steel Sheets	<b>61.36</b>	(21.68)
Steel Tubes	<b>18.27</b>	(1.67)
Steel Tubes	<b>128.00</b>	(141.37)
Steel Bars	<b>295.24</b>	(295.21)
Forgings	<b>1,081.48</b>	(1,479.15)
Castings	<b>38.65</b>	(35.39)
Non-ferrous metals	-	-
<b>(B) Components &amp; Others</b>	<b>2508.88</b>	(2,073.34)
	<b>4131.88</b>	(4,047.81)

### 10. IMPORTED & INDIGENOUS RAW MATERIALS CONSUMPTION

(INCLUDING COMPONENTS)

Description	Rs. in Lacs	%	Rs. in Lacs	%
Imported	<b>248.93</b>	<b>6.02</b>	(303.16)	7.49
Indigenous	<b>3882.95</b>	<b>93.98</b>	(3744.65)	92.51
	<b>4131.88</b>	<b>100.00</b>	(4047.81)	100.00

**11. CIF VALUE OF IMPORTS**

	Rs. in Lacs	Rs. in Lacs
Components and Others	<b>229.68</b>	(276.14)
Capital Goods	<b>3.13</b>	(175.07)

**12. EXPENDITURE IN FOREIGN CURRENCY**

	Rs. in Lacs	Rs. in Lacs
I) Travelling and Other Expenses	<b>10.79</b>	(12.13)
II) Interest & Bank Charges	<b>226.68</b>	(198.68)
III) Others	<b>93.73</b>	(90.19)

**13. EARNING IN FOREIGN CURRENCY**

	Rs. in Lacs	Rs. in Lacs
I) Export of Goods (FOB)	<b>1826.75</b>	(1621.95)
II) Other Charges	<b>40.25</b>	(52.47)

**14.** 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.

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

<b>A) Revenue</b>	Rs. in Lacs	Rs. in Lacs
I) Material and Other Expenses	<b>22.72</b>	(5.78)
II) Salary, Wages & Bonus & consultancy	<b>98.14</b>	(105.43)
III) Contribution to Provident Fund and Other Funds	<b>3.47</b>	(4.39)
IV) Depreciation	<b>7.67</b>	(8.12)
<b>B) Capital</b>	<b>0.00</b>	0.00

**16. 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. 194.16 Lacs** (Rs. 56.18 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** (103,71,968).

**17.** 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. 1571.87 Lacs** (Rs. 599.60 Lacs) has been carried in the Fixed Assets and Capital work in progress as on 31.03.2012. Had this option not been exercised by the company Loss for the year would have been higher by **Rs. 513.62 Lacs** (Loss would have been lowered by Rs. 850.77 Lacs).

**18.** 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. 200.58 Lacs** (Rs. 187.69 Lacs) is carried forward in the Foreign Exchange Monetary Items Translation Difference Account as on March 31,2013 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. 200.58 Lacs** (Rs. 187.69 Lacs).

# KINETIC ENGINEERING LIMITED

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

### Loans :

FCCB in USD	\$	<b>18,000,000</b>	(18,000,000)
Buyer's credit in USD	\$	<b>277,580</b>	(292,675)

### Payables :

Trade Payables in USD	\$	<b>37,874</b>	NIL
Trade Payables in EURO	€	<b>7,770</b>	NIL
Trade Payables in JPY	¥	<b>1,900,000</b>	NIL

### Receivables :

Sundry Debtors in USD	\$	<b>1,955,695</b>	(1,937,950)
Sundry Debtors in EURO	€	<b>177,245</b>	(199,863)

20. 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.

21. In view of the continued growth in Indian automobile industry and business potential of the Company , because of order books in hand and ramping up of few development programmes in the coming year and also a few technical collaborations, Company expects substantial growth in its turnover and improved 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.

## 22. Employee Benefits:

### A) Defined Contribution Plans

- Providend Fund
- State Defined Contribution Plans- Employer's Contribution to Employee's Pension Scheme 1995.
- Superannuation- Yearly contribution at the rate 15% of eligible salary is made.

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

	<b>Rs. in Lacs</b>	Rs. in Lacs
Employer's contribution to Providend fund	<b>52.52</b>	49.62
Employer's contribution to Employees Pension Scheme	<b>44.40</b>	51.39
Superannuation Contribution	<b>8.49</b>	12.40

Defined benefit plan as per the actuarial valuation as on 31st March,2013 is as

### 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
<b>(I) The present value of the defined benefit obligations :</b>	<b>31.03.2013</b>	31.03.2012
Obligation as at 01.04.2012	<b>569.90</b>	486.32
Acquisition adjustment	----	----
Interest Cost	<b>48.64</b>	38.57
Past Service Cost	----	----
Current Service Cost	<b>24.42</b>	24.19
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Benefits paid	<b>14.61</b>	31.89
Actuarial (gain)/ loss on obligations	<b>13.55</b>	30.62
Present Value of Obligation as at the end of the year 31.3.2013	<b>641.90</b>	547.81
<b>(II) Changes in Fair Value of Plan Assets :</b>	<b>31.03.2013</b>	31.03.2012
Fair Value of Plan Assets at 01.04.2012	<b>33.98</b>	34.08
Acquisition Adjustments	----	----
Expected Return on Plan Assets	<b>3.41</b>	2.40
Contributions	<b>15.00</b>	17.00
Benefits Paid	<b>14.61</b>	31.89
Actuarial Gain /( loss) on Plan Assets	<b>(2.46)</b>	(1.58)
Plan Assets at 31.3.2013	<b>35.32</b>	20.00
<b>Note:-</b> opening obligation & fair value of plan assets include opening balance of merged entity (KMCL)		
<b>(III) Actuarial Gain / Loss recognised</b>	<b>31.03.2013</b>	31.03.2012
Actuarial (loss)/gain for the year – Obligation	<b>(13.55)</b>	(30.62)
Actuarial (loss)/gain for the year - Plan Assets	<b>(2.46)</b>	(1.58)
Total (loss) / gain for the year	<b>16.01</b>	(32.20)
Actuarial (loss) / gain recognized in the year	<b>16.01</b>	(32.20)
Unrecognized actuarial (gains) / losses at the end of year	<b>0.00</b>	0.00
<b>(IV) The amounts to be recognised in Balance Sheet and statements of</b>	<b>31.03.2013</b>	31.03.2012
Present Value of Obligation as at the end of the year 31.03.2013	<b>641.90</b>	547.81
Fair Value of Plan Assets as at the end of the year as on 31.03.2013	<b>35.32</b>	20.00
Funded Status	<b>(606.58)</b>	(527.80)
Unrecognized Actuarial (gains) / losses	<b>0.00</b>	0.00
Net Liability to be Recognized in Balance Sheet	<b>606.58</b>	527.80
<b>(V) Expenses recognized in the statement of Profit and Loss</b>	<b>31.03.2013</b>	31.03.2012
Current Service Cost	<b>24.42</b>	24.19
Past Service Cost	----	----
Interest Cost	<b>48.64</b>	38.57
Expected Return on Plan Assets	<b>(3.41)</b>	(2.40)
Curtailment Cost / (Credit)	----	----
Settlement Cost / (Credit)	----	----
Net actuarial loss/(gain) recognized in the year	<b>16.01</b>	32.20
Expenses to be recognized in the statement of Profit & Loss at the end of period 31.03.2013	<b>85.66</b>	92.57
<b>(VI) Leave Encashment</b>		
Provision for leave encashment is made as per actuarial valuation at <b>Rs. 78.88 Lacs</b> (Rs. 74.50 Lacs)		

# KINETIC ENGINEERING LIMITED

	As of 31.03.2013	As of 31.03.2012
<b>(VII) Assumptions:</b>		
Discount Rate	<b>8.50%</b>	8.50%
Rate of increase in Compensation levels	<b>3.00%</b>	4.00%
Rate of return on plan assets	<b>9.00%</b>	9.00%
Expected Average remaining working lives of employees (years)	<b>8.15</b>	9.18

**Note:-** In case of merged entity (i.e. Kinetic Motor Company Limited) Discount Rate is 8.10% and Rate of increase in Compensation levels is 5.00%.

## 23. Related Parties Transactions: As per Accounting Standard - 18

**A) Names of Related Parties :** Athena Financial Services Ltd., Jaya Hind Sciaky Ltd., Kinetic Communications Ltd., Kinetic Marketing & Services Ltd., Ajinkya Holdings Pvt. Ltd., Microage Instruments Pvt. Ltd., Ajinkya Auto Fab Ltd., Kinetic Hundai Elevator & Movement Technologies Ltd., Chrysalis Castings Pvt. Ltd., Chrysalis Financial Services Pvt. Ltd., Kinetic Hankuk Electrical & Eletronics Pvt. Ltd. (Formerly Ravindra Software Pvt. Ltd.), JHS Taigene Electrical Co. Pvt. Ltd., Ducati Energia Pvt. Ltd., Kinetic Motor Automotive Pvt. Ltd.

**Relationship :** Associate Companies

### Nature of Transaction

	<b>Volume of Transactions (Rs. in Lacs)</b>	
Purchases of Goods	<b>(0.05)</b>	(25.28)
Sales of Goods	<b>1.38</b>	(0.05)
Royalty Received	<b>0.00</b>	0.00
Interest Payments/ (-)Receipts (Net)	<b>124.76</b>	(0.70)
Rendering of Other services (Income)	<b>41.50</b>	(28.19)
Rendering of Other services (Expense)	<b>84.99</b>	(92.82)
Other Receipts	<b>0.91</b>	(1.66)
Rent Received	<b>0.00</b>	(39.47)
Rent Paid	<b>194.40</b>	(55.53)
Purchases of Assets	<b>0.00</b>	(74.64)
Sale of Assets	<b>0.00</b>	(1685.85)
ICD Received	<b>2940.78</b>	(974.91)
ICD Repaid	<b>86.50</b>	(731.80)
Investment in Preference Shares	<b>0.00</b>	(1030.00)
Investment in Equity Shares	<b>0.00</b>	(2.00)
Sale of Shares held as Investment	<b>0.00</b>	0.00
Amounts Written back during the period in respect of loan from the related party	<b>37.34</b>	0.00
Amounts written off	<b>0.00</b>	(8.00)
Issue of Debenture	<b>(900.00)</b>	-
Issue of Preference Shares	<b>(1300.00)</b>	-
<b>Outstanding Balances as on 31.03.2013</b>	<b>Net Cr</b>	<b>19.21</b>
<b>Outstanding ICD/Loan Including Interest</b>	<b>Cr</b>	<b>(340.63)</b>
		<b>2110.06</b>
		<b>(1782.69)</b>



<b>B) Name of Related Parties</b>	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	<b>80.87</b>	(51.39)
Contribution to Provident Fund, Superannuation Scheme	<b>12.57</b>	(11.34)
Perquisites	<b>7.72</b>	(3.65)
	<b>101.16</b>	<b>(66.38)</b>
Repayment of unsecured loan from director	-	(0.78)
Sale of Assets to Director	-	(583.00)
Outstanding Balance as on 31.03.2013 Cr	<b>321.40</b>	(321.40)

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

- a Purchases from Ducati Energia India Private Limited Rs. NIL (Previous Year Rs. NIL), JHS Taigene Electrical Company Private Limited Rs. NIL (Previous Year Rs. 1.08 Lacs) and Jaya Hind Sciaky Limited ( Formerly Kaygee Auto Product Pvt. Ltd) Rs. NIL (Previous Year Rs. 24.20 Lacs).
- b Sales include to Ducati Energia India Private Limited Rs. NIL (Previous Year Rs. NIL), Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd) Rs. 1.36 Lacs (Previous Year Rs. NIL) and Ajinkya Auto Fab Limited Rs. 0.02 Lac (Previous Year Rs. 0.05 Lac).
- c Royalty received from Jaya Hind Sciaky Limited ( Formerly Kaygee Auto Product Pvt. Ltd) Rs. NIL (Previous Year Rs. NIL).
- d Income from Rendering of services include to Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd) Rs. 37.59 Lacs (Previous Year Rs. 25.27 Lacs) and Kinetic Hundai Elevator & Movement Technologies Limited Rs. 0.11 Lac (Previous Year Rs. 2.91 Lacs).
- e Expenses for receiving of other services paid to Kinetic Communication Limited Rs. 77.76 Lacs (Previous Year Rs. 77.76 Lacs) and Microage Instruments Private Limited Rs. 4.93 Lacs (Previous Year Rs. 11.59 Lacs).
- f Other receipts received from Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd.) Rs. 0.91 Lac (Previous Year Rs. 1.66 Lacs).
- 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. 12.00 Lacs).
- h Rent paid to Microage Instruments Private Limited Rs. 194.40 Lacs (Previous Year Rs. 54.89 Lacs).
- i Purchase of assets include Jaya Hind Sciaky Limited (Formerly Kaygee Auto Product Pvt. Ltd.) Rs. NIL (Previous Year Rs. 74.64 Lacs).
- j Sale of assets include Microage Instruments Private Limited Rs. NIL (Previous Year Rs. 1685.85 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. 414.00 Lacs (Previous Year Rs. 939.00 Lacs) and Microage Instruments Private Limited Rs. NIL (Previous Year Rs. 35.91 Lacs).
- l ICD repaid include Microage Instruments Private Limited Rs. NIL (Previous Year Rs. 615.32 Lacs) and Ajinkya Holdings Private Limited Rs. 86.50 Lacs (Previous Year Rs. 116.48 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. 1030.00 Lacs).
- n Investment in Equity Shares include Kinetic Motor Automotive Private Limited Rs. NIL (Previous Year Rs. 2.00 Lacs).

# KINETIC ENGINEERING LIMITED

- 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. NIL).
- q Amounts writte off include JHS Taigene Electrical Company Private Limited Rs. NIL (Previous Year Rs. 8.00 Lacs).
- r Remuneration to key managerial personnel include to Mr. A.H. Firodia Rs. 25.85 Lacs (Previous Year Rs. 25.79 Lacs), Mr. Ajinkya Firodia Rs. 30.60 Lacs (Previous Year Rs. 29.51 Lacs) and Mrs. S.F. Motwani Rs. 44.71 Lacs (Previous Year Rs. 11.09 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. 1.91 Lacs (Previous Year Rs. 0.70 Lac) and Ajinkya Holdings Private Limited Rs. 122.84 Lacs (Previous Year Rs. NIL).

24. Previous year's figures have been regrouped wherever necessary. Figures of current year include figures of merged entity (KMCL) and as such are not comparable with previous year's figures.

---

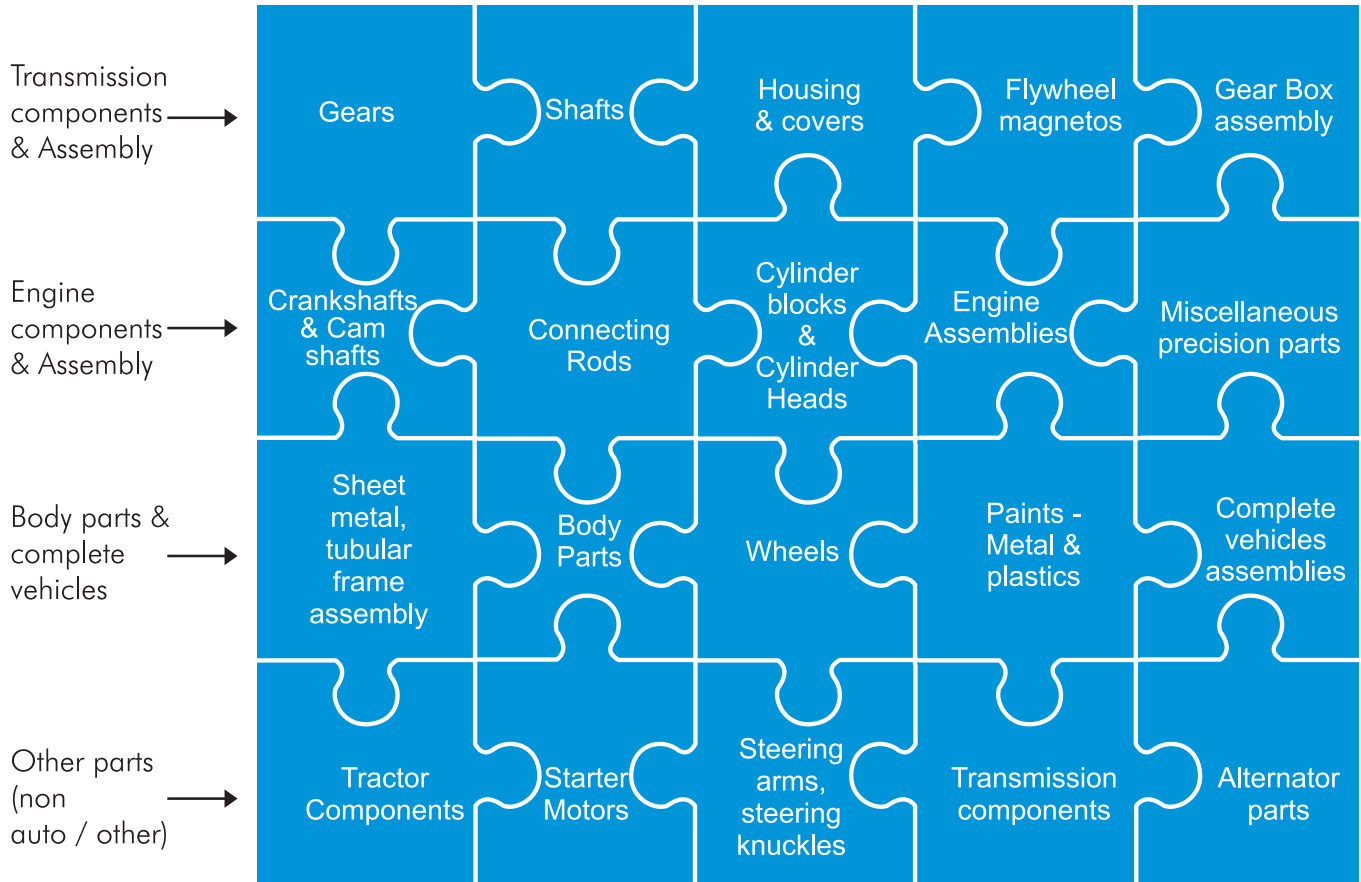
As per our report of even date attached  
For **M/s P.G. Bhagwat**  
Chartered Accountants

**A. H. Firodia** Chairman  
**S. F. Motwani** Vice Chairperson  
**A. A. Firodia** Managing Director

**Sandeep Rao**  
Partner  
Pune  
28th May, 2013

**Pranvesh Tripathi**  
Company Secretary

# 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](http://www.kineticindia.com)