

KINETIC ➡

Kinetic Finance Limited

13th Annual Report 2002-2003

Report  Junction.com



BOARD OF DIRECTORS

Mr. A.H. FIRODIA	Chairman
Air Chief Marshal H. MOOLGAVKAR (Retd.)	
Mr. A.P. BHAGWAT	
Mr. P.C. JAIN	
Mr. V.S. MEHTA	
Mr. A.H. MUNOT	
Mr. V.R. SABOO	
Mr. AJAY RAINA	COO & Director
Mr. NAGENDRA RAO	Director (Finance)
Mr. R.R. MOHAN KHANNA	CEO & Executive Director
Mr. VSR SWAMY	Executive Director
Ms. S.F. MOTWANI	Managing Director

Company Secretary

Ms. Samita Lahiri

BANKERS

Allahabad Bank
 Bombay Mercantile Co-Operative Bank Ltd.
 Bank of Baroda
 Bank of Maharashtra
 Bharat Overseas Bank Ltd.
 Bank of India
 Cosmos Co-Operative Bank Limited
 Canara Bank
 Corporation Bank
 Development Credit Bank Ltd.
 IDBI Bank Ltd.
 Punjab National Bank
 State Bank of India
 State Bank of Hyderabad
 State Bank of Mysore
 The Bank of Rajasthan Ltd.
 Tamilnad Mercantile Bank Ltd
 The Catholic Syrian Bank Ltd.
 The-United Western Bank Ltd
 The Jammu & Kashmir Bank Ltd.
 Union Bank of India
 UTI Bank Ltd.

AUDITORS

M/s Lakhani & Company
 Chartered Accountants
 Mumbai

REGISTERED OFFICE

4704, Pune Mumbai Road
 Pimpri Chowk, Pimpri
 Pune - 411 018

KINETIC FINANCE LIMITED

NOTICE

NOTICE is hereby given that the **Thirteenth** Annual General Meeting of the Members of the Company will be held on Saturday, the 29th day of November, 2003 at 9.00 A.M. at D-1 Block, Plot No.18/2, Chinchwad, Pune – 411 019 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt Directors' Report, Audited Balance Sheet as at 31.03.2003 and Profit and Loss Account for the year ended as on that date and the Auditors' report thereon.
2. To appoint a Director in place of Air Chief Marshal H. Moolgavkar (Retd.) who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V.R. Saboo who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. A. H. Munot who retires by rotation, and being eligible, offers himself for reappointment.
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 a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to the provisions of the Companies Act, 1956 including any statutory modifications thereto or amendments thereof for the time being in force and subject to the consent of all the concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) consent of the Company be and is hereby accorded to delist the Company's Equity Shares from The Madras Stock Exchange Ltd., Chennai and The Stock Exchange Ahmedabad, Ahmedabad at such time as the Board may in its discretion consider appropriate.

RESOLVED FURTHER THAT the Board including any Committee or any person which the Board may nominate/ constitute to exercise its powers, including the powers conferred under this Resolution be and is hereby authorised to settle all questions, difficulties, doubts that may arise in this regard and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable, usual or proper and as considered necessary for giving effect to this Resolution and to carry out such modifications/directions as may be required by the concerned regulatory authorities to implement this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to the approval of the Registrar of Companies, Pune and such other authorities as may be deemed necessary, the name of the Company be changed from "Kinetic Finance Limited to "Athena Financial Services Limited."

RESOLVED FURTHER THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to the approval of the Registrar of Companies, Pune and such other authorities as may be deemed necessary, the name of the Company i.e. Kinetic Finance Limited wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by "Athena Financial Services Limited."

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

"RESOLVED THAT Mr. R.R. Mohan Khanna, CEO and Director (Operations) of the Company be and is hereby re designated as CEO and Executive Director of the Company.

RESOLVED FURTHER THAT all the other the terms and conditions of the appointment of Mr. R.R. Mohan Khanna including that as to remuneration, perquisites and other benefits/amenities would however remain the same as approved by the shareholders of the Company at their meeting held on the 25th of January, 2001."

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

"RESOLVED THAT Mr. Nagendra Rao who was appointed as an Additional Director by the Board of Directors of the Company pursuant to Article 89 of the Articles of Association of the Company and provisions of Section 260 of the Companies Act, 1956 w.e.f. 20.09.2003 and who holds office till the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT subject to the provisions of Sections 198, 269, 309, 310, 311, 314 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modifications thereto or amendments thereof consent of the Company be and is hereby accorded to the appointment of Mr. Nagendra Rao as Director (Finance) of the Company with effect from 20.09.2003 upto 19.09.2008 and for payment of remuneration and perquisites and giving of benefits and amenities as set out hereinunder :

1. Remuneration :

- a. Basic Salary : Rs.60,000/- p.m.(Rupees Sixty Thousand only per month) with an annual increase of 10% thereon every year
- b. Special Allowance : Rs.14,000/- p.m. (Rupees Fourteen thousand only per month).

2. Perquisites :

- i. House Rent Allowance of Rs.13,200/- p.m. (Rupees Thirteen thousand two hundred only per month)
- ii. Reimbursement of medical expenses incurred for self and family payable quarterly subject to a ceiling of Rs.15,000/- p.a.
- iii. Leave Travel Assistance for self and family once in a year subject to a ceiling of Rs. 50,000/- p.a.
- iv. Personal Accident Insurance and Mediclaim benefits as per rules of the Company.
- v. Free telephone facility at residence provided that personal long distance calls shall be billed by the Company.
- vi. Provision of car by the Company, with a limit for fuel, driver and maintenance upto Rs.8000/- p.m (Rupees Eight thousand only per month).
- vii. Fees of one club. This will not include admission and life membership fees.
- viii. Reimbursement of annual subscription for one credit card.
- ix. Contributions to Provident Fund as per Statutory Regulations or Company Policies.
- x. Gratuity as per Statutory Regulations or Company Policies.
- xi. Contribution to Superannuation Fund as per Statutory Regulations or Company Policies.
- xii. Leave and Leave encashment as per rules of the Company.

Explanation :

For the purpose of perquisites Nos. (ii) to (iv) family means the spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT Mr. Nagendra Rao be paid commission of such an amount as may be deemed fit by the Board of Directors of the Company, provided that the amount of commission, together with salary and other allowances, perquisites and cost of other benefits as may be paid/incurred by the Company in respect of Mr. Nagendra Rao and all other whole-time directors shall not exceed 10% of the Net Profits of the Company computed as per provisions of Sections 349 and 350 of the Companies Act, 1956, or any modifications / amendments thereto.

PROVIDED FURTHER that the remuneration drawn by Mr. Nagendra Rao from the Company together with remuneration, if any, drawn by him as a managerial person from any other company shall not exceed the higher of the maximum limit permissible from either of the companies of which the Director (Finance) is a managerial person.

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RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the pendency of aforesaid period, Mr. Nagendra Rao shall be entitled to the same salary and perquisites but not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, or any modifications / amendments thereto.

RESOLVED FURTHER THAT consent of the Company be and is hereby also given to the Board of Directors of the Company to alter and vary the terms and conditions of the appointment including that as to remuneration, perquisites and other benefits/amenities so that the altered terms and conditions shall be in conformity with Schedule XIII to the Companies Act, 1956 and/or other applicable provisions, if any, as may be amended from time to time and agreed to by the Director (Finance)."

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

"RESOLVED THAT Mr. Ajay Raina who was appointed as an Additional Director by the Board of Directors of the Company pursuant to Article 89 of the Articles of Association of the Company and provisions of Section 260 of the Companies Act, 1956 w.e.f. 20.09.2003 and who holds office till the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT subject to the provisions of Sections 198, 269, 309, 310, 311, 314 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modifications thereto or amendments thereof consent of the Company be and is hereby accorded to the appointment of Mr. Ajay Raina as COO and Director of the Company with effect from 20.09.2003 upto 19.09.2008 and for payment of remuneration and perquisites and giving of benefits and amenities as set out hereinafter :

1. Remuneration :

- a) Basic Salary : Rs.60,000/- p.m. (Rupees Sixty thousand only per month) with an annual increase of 10% thereon every year
- b) Special Allowance : Rs.14,000/- p.m. (Rupees Fourteen thousand only per month).

2. Perquisites :

- i. House Rent Allowance of Rs.13,200/- p.m. (Rupees Thirteen thousand and two hundred only per month)
- ii. Reimbursement of medical expenses incurred for self and family payable quarterly subject to a ceiling of Rs.15,000/- p.a.
- iii. Leave Travel Assistance for self and family once in a year subject to a ceiling of Rs. 50,000/- p.a.
- iv. Personal Accident Insurance and Medisclaim benefits as per rules of the Company.
- v. Free telephone facility at residence provided that personal long distance calls shall be billed by the Company.
- vi. Provision of car by the Company, with a limit for fuel, driver and maintenance upto Rs.8000/- p.m. (Rupees Eight thousand only per month)
- vii. Fees of one club. This will not include admission and life membership fees.
- viii. Reimbursement of annual subscription for one credit card.
- ix. Contributions to Provident Fund as per Statutory Regulations or Company Policies.
- x. Gratuity as per Statutory Regulations or Company Policies.
- xi. Contribution to Superannuation Fund as per Statutory Regulations or Company Policies.
- xii. Leave and Leave encashment as per rules of the Company.

Explanation :

For the purpose of perquisites Nos. (ii) to (iv) family means the spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT Mr. Ajay Raina be paid commission of such an amount as may be deemed fit by the Board of Directors of the Company, provided that the amount of commission, together with salary and other allowances, perquisites and cost of other benefits as may be paid/incurred by the

Company in respect of Mr. Ajay Raina and all other whole-time directors shall not exceed 10% of the Net Profits of the Company computed as per provisions of Sections 349 and 350 of the Companies Act, 1956, or any modifications / amendments thereto.

PROVIDED FURTHER that the remuneration drawn by Mr. Ajay Raina from the Company together with remuneration, if any, drawn by him as a managerial person from any other company shall not exceed the higher of the maximum limit permissible from either of the companies of which the COO and Director is a managerial person.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the pendency of aforesaid period, Mr. Ajay Raina shall be entitled to the same salary and perquisites but not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, or any modifications / amendments thereto.

RESOLVED FURTHER THAT consent of the Company be and is hereby also given to the Board of Directors of the Company to alter and vary the terms and conditions of the appointment including that as to remuneration, perquisites and other benefits/amenities so that the altered terms and conditions shall be in conformity with Schedule XIII to the Companies Act, 1956 and/or other applicable provisions, if any, as may be amended from time to time and agreed to by the COO and Director."

NOTES :

- 1) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts concerning the items of Special business is annexed hereto.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- 3) Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 19th day of November, 2003 to Saturday, the 29th day of November, 2003 (both days inclusive).
- 4) Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to write to the Company at least 10 days before the date of the Annual General Meeting so that the information may be made available to the meeting.
- 5) Members are requested to advise immediately any change in their address / residential status to the Company's Registered Office quoting their Registered Folio Number. Shareholders holding shares in dematerialised form are requested to address their communication to their respective Depository Participant(s).
- 6) The members who have not encashed their Dividend Warrants for the year 1995—96 and thereafter are requested to approach the Company immediately for revalidation of their unclaimed Dividend Warrants as in accordance with the provisions of Section 205C of the Companies Act, 1956 the amount of unpaid / unclaimed dividend would be transferred to the Investor Education and Protection Fund at the end of seven years respectively and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter.
- 7) Information required to be furnished under Clause 49 of the Listing Agreement entered into with the Stock Exchanges regarding Directors to be reappointed on retirement :

Item No.2

Air Chief Marshal H. Moolgavkar (Retd.) has distinguished himself by exceptionally meritorious service as Chief of Air Staff, Indian Air Force from 1st February, 1976 to 5th June, 1978. An avid and keen flier, he has in his 38 years of service flown nearly 60 types of aircraft of which 26 are jet and of these 8 have been prototypes. He has been awarded the MahaVir Chakra, the Nation's second highest gallantry award for exceptional bravery and leadership during the Kashmir operations in 1948-49. In the year 1976 as the Air Officer Commanding-in-Chief, Western Air Command he was awarded the Param Vashista Seva Medal (P.V.S.M) and thereafter in June 1978, on a visit to the USA one of the highest Congressional medals the LEGION of MERIT

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Air Chief Marshal H. Moolgavkar (Retd.) is a Director of the Company since January, 2001. He is also on the Board of Kinetic Motor Company Limited and Swift Limited. He is the Chairman of the Audit Committee and Remuneration Committee of Kinetic Motor Company Limited and also the Chairman of the Audit Committee and Remuneration Committee of the Board of Directors of the Company.

Item No.3

Born into a family of freedom fighters, Mr. V.R. Saboo has a successful career of 27 years in business and is one of the leading dealer of Kinetic in Andhra Pradesh. He is also one of the foremost dealer of Maruti Udyog Limited in Andhra Pradesh and has won several awards including the coveted "Best Maruti Showroom of India" award. He is also a Managing Committee Member of A P Motor Vehicle Dealers Association.

Mr. V.R. Saboo is a Director of the Company since January, 2001. He is also on the Board of RKS Motors Pvt. Ltd.

Item No. 4

Mr. A.H. Munot is one of the leading dealer of Kinetic in Maharashtra. He has a successful career of more than 30 years in business. His dealership is one of the more reputed dealerships in the city of Nagpur. He also does a lot of charitable work.

Mr. A.H. Munot is a Director of the Company since 1991. He is the Chairman and Managing Director of Ajantha Motors Pvt. Ltd. and is also on the Board of JayaHind Industries Limited.

BY ORDER OF THE BOARD OF DIRECTORS
FOR KINETIC FINANCE LIMITED

Place : Pune

Date : 18th October, 2003


A.H. FIRODIA
Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No.6**

The Company's shares are presently listed on Pune Stock Exchange Limited, Pune (PSE) which is the Regional Stock Exchange, The Stock Exchange, Mumbai (BSE), Madras Stock Exchange Limited, Chennai (MSE) and The Stock Exchange Ahmedabad, Ahmedabad (ASE). As per the Securities and Exchange Board of India's direction trading in the Company's shares is compulsory in demat form for all the investors. There has been an insignificant trading of Company's shares on MSE and ASE for a long period. As such, the shareholders of the Company are not enjoying any added benefit by continuing the listing of the Company's shares on MSE and ASE and the delisting of shares from MSE and ASE will not adversely affect the shareholders of the Company. Moreover the delisting would contribute to reducing administrative costs and repetitive procedures and formalities.

The shares of the Company will continue to be listed on PSE and BSE. There would also not be any change in the capital structure of the Company after the delisting.

The Board recommends the Special Resolution in the interest of the Company.

None of the Directors may be deemed to be concerned or interested in the passing of the said Resolution.

Item No.7

The Company till date has been concentrating one hundred percent of its business and resources in financing the two wheelers manufactured by the Kinetic group. Subsequent to the execution of the Joint Venture Agreement with Kinetic Engineering Limited (KEL), Kinetic Motor Company Limited (KMCL) and Associates India Financial Services Limited (AIFSL) on the 8th of November, 2002 the activity of the Company would be further broad based to include financing of all two wheelers, distribution of other retail financial products including car loans, personal loans, credit cards, consumer durables etc. along with the existing business of financing of Kinetic two wheelers. It is proposed that the name of the Company be changed from Kinetic Finance Limited to Athena Financial Services Limited to reflect the broad based activities to be carried out by the Company.

The Registrar of Companies, Pune has confirmed that the new name is available for registration under Section 20 of the Companies Act, 1956. Subject to the approval of the members, an application would be made to Registrar of Companies, Pune for approval to the change of name under Section 21 of the Companies Act, 1956.

The Board of Directors recommend the change of name for the approval of the members.

None of the Directors may be deemed to be concerned or interested in the passing of the said Resolution.

Item No.8

As per the resolution passed by the shareholders of the Company at the Annual General Meeting held on the 25th of January, 2001, Mr. R.R. Mohan Khanna had been appointed as CEO and Director (Operations) of the Company for a period of five years w.e.f 26.08.1999.

The NBFC industry today is passing through a turbulent phase. Recognising the need that it has become imperative in order to survive for the Company to lay more thrust on non fund based business, the Company has executed a Joint Venture Agreement with Kinetic Engineering Limited (KEL), Kinetic Motor Company Limited (KMCL), and Associates India Financial Services Limited (AIFSL) on the 8th of November, 2002 to form a joint venture company Kinetic Financial Services Private Limited (KFSL) which was an expansive arrangement for reducing the dependence on fund based business and shifting the focus to a fee based business.

The Joint Venture programme will have a wide scope of activities thereby significantly widening the revenue stream for Kinetic Finance Limited.

Mr. R.R. Mohan Khanna joined the Company as a Whole Time Director designated as CEO & Director(Operations) on the 26th of August, 1999. He is a Mechanical Engineer from Delhi College of Engineering and Post Graduate Diploma in Management from IIM Calcutta. He has a good academic record having won several scholarships. He has over fifteen years experience covering sectors like automobile and financial services. Mr. R.R. Mohan Khanna is also a director with Kinetic Marketing & Services Ltd and Kinetic Financial Services Private Limited and is a member of the Shareholders Grievance Committee of the Company.

Mr. R.R. Mohan Khanna, who is currently designated as CEO and Director (Operations) is also on the Board of the Joint Venture Company and would be overall responsible for the workings of this joint venture arrangement including coordinating with the other Joint Venture partners and the successful implementation of the joint venture arrangement. In view of his increased responsibilities it is proposed that he be re designated as CEO and Executive Director of the Company.

The Board recommends the Special Resolution to re designate Mr. R.R. Mohan Khanna as CEO and Executive Director in the interest of the Company.

None of the Directors except Mr. R.R. Mohan Khanna may be deemed to be concerned or interested in the passing of the said Resolution.

This alongwith the relevant resolution may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No.9

Mr. Nagendra Rao has been appointed as an Additional Director of the Company on the 20th of September, 2003. As per the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company he holds office till the conclusion of this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Nagendra Rao for the office of the Director of the Company.

The Board has also approved his appointment as Director (Finance) as per the terms mentioned in the aforesaid resolution for a period of five years w.e.f. 20.09.2003.

Mr. Nagendra Rao is a B.Sc from the University of Jabalpur. He has also done his BE (Hons) in Electrical Technology from the Indian Institute of Science, Bangalore. Mr. Nagendra Rao started his career with State Bank of India where he gathered rich experience and expertise in all areas of banking including credit management, institutional banking, commercial & institutional (C & I) banking. During his tenure in State

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Bank of India he was on deputation with Madhya Pradesh Electricity Board (MPEB) as Director (Finance) where he was instrumental in regrouping and enhancing all systems related to Cash Management as well as liability management. In his career in the private sector Mr. Rao has held several important positions in leading companies like Apple Finance Limited where he was a senior functionary and with Birla Leasing & Investments Ltd. as its Managing Director. He brings with him around thirty years of rich and diverse experience in reputed banking and Non Banking Companies. In his last assignment he was the Executive Director with Centrum Forex Ltd.

The Remuneration Committee and the Board of Directors of the Company consider the proposed remuneration, perquisites, benefits and other amenities commensurate with his experience and expertise and recommend that the same be approved by the members.

None of the Directors except Mr. Nagendra Rao may be deemed to be concerned or interested in the passing of the said Resolution.

Mr. Nagendra Rao does not hold any directorship and membership of any Committee.

This may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No.10

Mr. Ajay Raina has been appointed as an Additional Director of the Company on the 20th of September, 2003. As per the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company he holds office till the conclusion of this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Ajay Raina for the office of the Director of the Company.

The Board has also approved his appointment as COO and Director as per the terms mentioned in the aforesaid resolution for a period of five years w.e.f. 20.09.2003.

Mr. Ajay Raina is a postgraduate in management from IMT Ghaziabad with a corporate experience of 16 years. He began his career with Delton Cables. In his next assignment he was the North India Sales Head at Lucas Autometers. He also worked at Nagarjuna Hire Purchase where his contributions to the company saw him rise through the ranks to become a Senior Manager. He was with Apple Finance a leading finance Company as Assistant Vice President where he was responsible for the entire North Indian Region. He oversaw the North India operations since its inception and led it thereafter to an annual turnover of Rs.200 crores making it one of the leading companies in retail finance in the North.

He joined the Kinetic group as President of erstwhile Kinetic Lease and Finance Limited in 1998 where he was independently looking after all the activities of the company and in two years the company grew from Rs.13 crores to Rs.75 crores. He also had a short stint with Kinetic Engineering Limited as VP (Marketing and Sales) before returning to Kinetic Finance Limited as Chief Operating Officer. He has been instrumental in Kinetic Finance Limited for reorganizing the entire collection drive and focusing exclusively on collections and recoveries and for improving the collection efficiency of the Company.

Having regard to his valuable contribution to the Company, his knowledge and experience the Remuneration Committee and the Board of Directors of the Company consider the proposed remuneration, perquisites, benefits and other amenities commensurate with his experience and expertise and recommend that the same be approved by the members.

None of the Directors except Mr. Ajay Raina may be deemed to be concerned or interested in the passing of the said Resolution.

Mr. Ajay Raina does not hold any directorship and membership of any Committee.

This may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD OF DIRECTORS
FOR KINETIC FINANCE LIMITED



A.H. FIRODIA
Chairman

Place : Pune
Date : 18th October, 2003

DIRECTORS' REPORT

To
The Members
Kinetic Finance Limited

Your Directors present the **Thirteenth** Annual Report of the business and operations of the Company together with the audited accounts for the year ended 31st March, 2003.

Financial Results :

The financial results of your Company for the year ended 31st March, 2003 as compared to the previous year have been summarised below :

	31.03.2003 (Rs. In lacs)	31.03.2002 (Rs. in Lacs)
Gross Income	7058.18	8421.59
Gross Profit before Provision for Tax	121.04	470.18
Provision for Tax	9.55	199.58
Profit after Tax	111.49	270.59
Prior period adjustments	(1.31)	(3.19)
Balance brought forward from Previous year	13.08	13.40
Appropriations :		
Statutory Reserve Fund	22.23	52.43
Balance carried to Balance Sheet	101.03	13.08

Dividend :

In an effort to strengthen the financial position of the Company, the profits of the Company are being ploughed back and as such your Directors do not recommend any dividend for the year ended 31.03.2003.

However as per the terms and conditions of 11% Redeemable Cumulative Preference Shares of Rs.10/- each, the accumulated dividend would be paid in the year of profit.

Adjustment of Reserves Account :

Your Directors are pleased to inform you that the Honorable High Court of Judicature at Bombay have vide their order dated 6th October, 2003 approved that an amount not exceeding the balance standing in the Securities Premium Account (formerly known as Share Premium Account in the Books of Account) and an amount not exceeding the balance standing in the Debenture Redemption Reserve account both as at 31st March, 2002 be utilised for adjustment of specified receivables identified by the Company pursuant to the provisions of Sections 78, read with 100 and other applicable provisions, if any, of the Companies Act, 1956 and Article 12A of the Article of Association of the Company. Relevant effect of the order dated 6th October, 2003 by the Honorable High Court of Judicature at Bombay have been carried out in the Annual Accounts of the Company as at 31st March, 2003.

The year under review :

During the year under review your Company has made a gross disbursement of Rs.121.11 crores as against a gross disbursement of Rs.210.15 crores in the previous year. One of the important developments in the