




CELEBRATING 50 YEARS

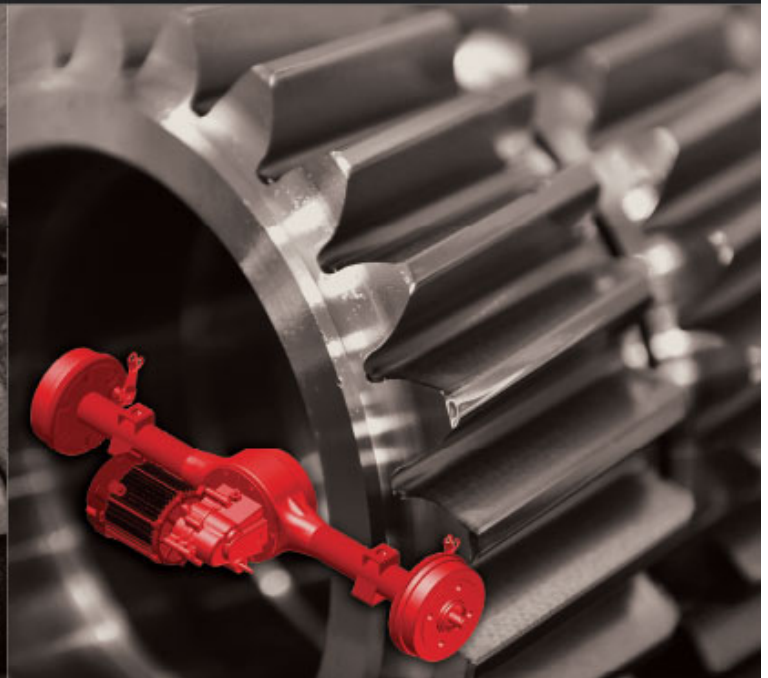


From mobilizing the common man to empowering the women,  
From Chal Meri Luna to Guinness Records, From Moto scooters to Motoroyale,  
From gearboxes to electric 3 wheelers, From one innovation to another.  
KINETIC - Touching the hearts of India for the past 50 years.

ANNUAL REPORT 2020-2021



50  
KINETIC







**Padmashri Arun H Firodia**  
**Chairman, Kinetic Group**

I wish all of you a happy golden anniversary!  
I cannot believe that 50 years have already passed since Kinetic Engineering Limited was born. The vision in 1970 was to make in India. 100% Indian suppliers, 100% Indian machines and 100% Indian product. In our hometown, Ahmednagar.

A vehicle for the common man. And the Kinetic Luna was born. At an introductory price of Rs. 2000. Kinetic's Ahmednagar plant was set to make engines, gearboxes, chasis, and assembly. It was equipped with a heat treatment, plating and paint shop. And we made 2000 mopeds per day. Our wonder Luna captured the imagination of our fellow Indians, and hearts of nearly 1 crore customers.

Of course, we endured various challenges – marketing events spanned from racing the deccan queen to prove its speed, to going around India in 80 days to show its reliability. Actors such as Smita Patil, Shabana Azmi, and cricketers including Sachin Tendulkar, Mohammed Azharuddin and Kapil Dev were pulled in for Piyush Pandey's historic ad film – Chal Meri Luna! And then nothing could stop Kinetic.

Its engineering marvel launched various versions including Safari, Spark, TFR, King and then spanned its horizons in scooters such as the Pride, and motorcycles such as the Boss, and GF series. We developed our products at break neck speed and we were proud of our achievements. Kinetic Honda also procured all the engine and gearbox parts from Ahmednagar plant, which became and remains the technology prowess of the Kinetic Group.

In 2009, KEL took a vow to use this technical prowess to diversify into auto component systems. I am proud to say that under Ajinkya's able leadership the company has managed to win various new orders, from prestigious domestic and export customers. We are also strongly focused on the growing electric vehicles, with our own products and offerings into them.

So as we celebrate the 50 years of our legacy and history, I look forward to the next 50 years of our innovations and success!

All in all, I thank each one of you for your continued belief in Kinetic!  
A very happy golden anniversary to us!

A handwritten signature in blue ink, appearing to read 'Arun Firodia'. Below the signature, the name 'Arun Firodia' is printed in a black, serif font.

**Arun Firodia**

## EPS



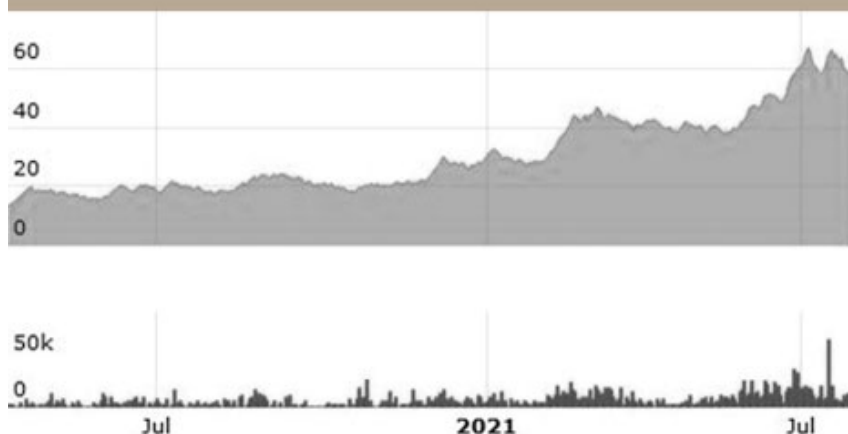
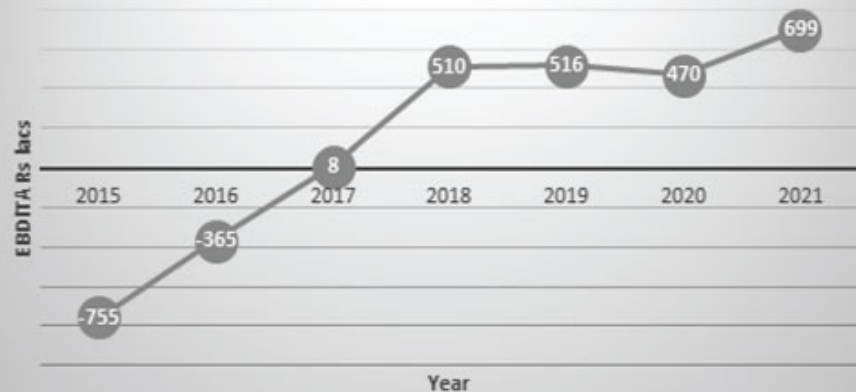
## EARNINGS PER SHARE:

In line with the improvement in operations, the EPS has also shown a dramatic improvement to Rs (3.45) per share in FY21, with a positive EPS in the last quarter of FY21.

## EBITDA:

Ever since 2015, the company has been consistently improving its operations, which has transformed from negative EBITDA of Rs 755 lacs to a positive EBITDA of Rs 699 lacs. The company is now consistently showing good EBITDA margin and expects to grow the EBITDA margin even further in the years to come.

## EBITDA



## SHARE PRICE:

The improving performance of the company has reflected in the share price as well, growing from under Rs 18 to over Rs 59 in a span of 12 months. The company is bullish about its future and expects to maintain its growth and performance momentum in the coming years.





Ajinkya Firodia

MD, Kinetic Engineering Ltd

A very happy 50 year anniversary to all of us!

The anniversary comes with a very good news:

Q4 2021 marks the beginning of net profit for the company after years of efforts of our transformation into auto systems from our legacy 2 wheeler business!

This transformation has been challenging but a vast learning for us all. From changing various layouts of the company, and seeking business from companies across India and the globe, we have come a long way in this business. Today your company exports nearly 50% of its business and has prestigious companies including Renault Nissan, American Axle, Magna Powertrain, Mahindra & Mahindra group, Ashok Leyland, Carraro and many others as our prime customers. Most of which we are single sources, with a history of no line stoppage ever. Your Company has excelled its quality levels, while learning various new technologies including backward integration into forgings, assemblies of complex gearboxes for commercial trucks, manufacture of high precision parts for international passenger cars and various other methods required to flourish in this business.

I am confident and bullish of our future in this business. In a decade, nearly 120 crores of long term external debt has been pruned up, and costs have been reduced to make a healthy profitable business model, poised to grow. Amongst our new initiatives include the latest offering of the Kinetic ElectriKit – a 100% Indian kit for electric vehicles from 1 KW to 5 KW including gearbox, axle, motor and controller – to enable any aspiring and existing manufacturer to take the kit and place it in 2 wheelers, 3 wheelers and passenger cars! We have already started the supplies of these kits and are confident of its success.

We are also developing chassis and other parts for electric vehicles. In addition, your company continues to nurture existing and new clients and is hopeful for gaining large volume business for exponential growth, while we continue to focus on our efforts to increase our EBITDA.

Once again, thank you for your confidence, and look forward to the next 50 years with you!

  
Ajinkya Firodia



#### BOARD OF DIRECTORS

Mr. Arun Hastimal Firodia	-	Chairman
Dr. Jayashree Arun Firodia	-	Non-Executive Director
Ms. Sulajja Firodia Motwani	-	Non-Executive Director
Mr. Ajinkya Arun Firodia	-	Managing Director & Chief Financial Officer
Mr. Shirish Ratanlal Kotecha	-	Independent Director
Mr. Ramesh Jankiram Kabra	-	Independent Director
Mr. Rohit Prakash Bafana	-	Independent Director
Mr. Jinendra Hirachand Munot	-	Independent Director
Mr. Venkataiah Madipalli	-	Independent Director

#### CHIEF EXECUTIVE OFFICER

Mr. Chaitanya Koranne

#### STATUTORY AUDITOR

M/s. Pawan Jain & Associates,  
Chartered Accountants, Pune

#### COMPANY SECRETARY

Mr. Nikhil Deshpande  
(till 30.05.2021)

#### SECRETARIAL AUDITOR

M/s Dinesh Birla & Associates  
Company Secretaries

#### REGISTERED OFFICE

D-1 Block, Plot No. 18/2,  
MIDC, Chinchwad, Pune - 411019.  
Phone no.: + 91-020-66142049  
Fax no. + 91-020-66142088/89  
E-mail: [kelinvestors@kineticindia.com](mailto:kelinvestors@kineticindia.com)  
Website: [www.kineticindia.com](http://www.kineticindia.com).

#### 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	2
• Board's Report Including Management Discussion and Analysis	18
• Annexures to the Board's Report	29
• Report on Corporate Governance	48
• Independent Auditors' Report	67
• Balance Sheet.	77
• Statement of Profit and Loss	78
• Cash Flow Statement	79
• Statement of Changes in Equity	80
• Notes to Financial Statements	81



## NOTICE

**NOTICE** is hereby given that the 50<sup>th</sup> Annual General Meeting of the shareholders of KINETIC ENGINEERING LIMITED will be held on **Tuesday, 28<sup>th</sup> September, 2021** at 11: 30 a.m. IST, through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') facility to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2021, together with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Ms. Sulajja Firodia Motwani (DIN: 00052851), who retires by rotation and being eligible, offers herself for reappointment.

### SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modifications the following as a **Special Resolution**:

**"RESOLVED THAT** further to the special resolution passed by the members of the Company via Postal ballot, the appointment and pursuant to the provisions of sections 196, 197 and 203, read with the Schedule V and (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for /the time being in force) and all other applicable provisions of the Companies Act, 2013 and as per Articles of Association of the Company, upon the approval of the Nomination and Remuneration Committee and the Board of directors of the Company, the approval of members of the Company be and is hereby accorded for the remuneration of Mr. Ajinkya A Firodia (DIN: **00332204**)) as Managing Director of the Company for 2 years with effect from 1<sup>st</sup> April, 2022 on the terms and conditions as detailed in the explanatory statement attached thereto, with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time as may be mutually agreed between the Board of Directors and Mr. Ajinkya A Firodia;

**RESOLVED FURTHER THAT** in the absence of profits or inadequacy of profits in any financial year during the currency of tenure of Mr. Ajinkya A Firodia (DIN: **00332204**), the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining necessary approvals, if required any, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution."

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

**A. H. Firodia**  
Chairman  
(DIN : 00057324)

Date: 12<sup>th</sup> August, 2021  
Place: Pune.

**NOTES:**

1. In view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No.02/2021 dated 13<sup>th</sup> January, 2021. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.kineticindia.com](http://www.kineticindia.com). The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).





7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.

**THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

- (i) The voting period begins on Saturday, 25<sup>th</sup> September, 2021 at 10.00 a.m IST and ends on Monday, 27<sup>th</sup> September, 2021 at 5.00 p.m. IST. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date at Friday, 17<sup>th</sup> September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.  
Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.  
  
In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories



and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful</li> </ol>