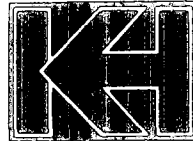


MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		✓



# KINETIC HONDA

Report  junction.com

13th Annual Report  
1996-97

KINETIC HONDA MOTOR LIMITED



Our Latest introduction in June, 1997  
"MARVEL", A Scooter combining elegance with performance.

**KINETIC HONDA MOTOR LTD.**

<b>Board of Directors</b>	<b>Mr. A. H. Firodia, <i>Chairman</i></b> <b>Air Chief Marshal H. Moolgavkar (Retd.)</b> <b>Mr. R. D. Sathe</b> <b>Mrs. Sulajja Firodia Motwani</b> <b>Mr. M. Nagata</b> <b>Mr. M. Tabata</b> <b>Mr. T. Osumi, <i>Director (Service)</i></b> <b>Mr. T. Wasaki, <i>Director (Production)</i></b> <b>Mr. M. Nishio, <i>Director (Finance)</i></b> <b>Mr. H. Tanaka, <i>Managing Director</i></b>
<b>Sr. G. M. (Finance)</b>	<b>Mr. P. C. Jain</b>
<b>Company Secretary</b>	<b>Mr. V. M. Achwal</b>
<b>Auditors</b>	<b>M/s. A. F. Ferguson &amp; Co.</b> <i>Chartered Accountants</i> <b>Mumbai</b>
<b>Cost Auditors</b>	<b>M/s. Dhananjay V. Joshi &amp; Co.</b> <i>Cost Accountants.</i> <b>Pune</b>
<b>Bankers</b>	<b>Canara Bank</b> <b>Citibank N. A.</b> <b>The Bank of Tokyo-Mitsubishi, Ltd.</b> <b>State Bank of Indore.</b>
<b>Registered Office</b>	<b>Plot No. 2, Industrial Area No. 1, Pithampur, Dist. Dhar 454 775 (M.P.)</b>
<b>Head Office</b>	<b>Neeta Towers, Dapodi, Pune 411012</b>
<b>Works</b>	<b>Pithampur, Dist. Dhar 454 775 (M.P.)</b> <b>Delhi Road, Meerut (U.P.)</b>

**KINETIC HONDA MOTOR LTD.****NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Kinetic Honda Motor Limited will be held on Friday, 26th September, 1997 at 9.30 a.m. at the Registered Office of the Company at Plot No. 2, Industrial Area No. 1, Pithampur, Dist. Dhar 454 775 (M.P.) to transact the following business :

**ORDINARY BUSINESS :**

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date together with Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Air Chief Marshal H. Moolgavkar (Retd.), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. D. Sathe, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS :**

6. To appoint Mr. M. Nagata as a Director of the Company who was appointed as an Additional Director by the Board of Directors of the Company and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director and signifying his intention to move the following Resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. M. Nagata be and is hereby appointed as a Director of the Company."

7. To appoint Mrs. Sulajja Firodia Motwani as a Director of the Company who was appointed as an Additional Director by the Board of Directors of the Company and in respect of whom the Company has received a Notice in writing from a Member proposing her candidature for the office of Director and signifying his intention to move the following Resolution as an Ordinary Resolution :

"RESOLVED THAT Mrs. Sulajja Firodia Motwani be and is hereby appointed as a Director of the Company."

8. To appoint Mr. M. Tabata as a Director of the Company who was appointed as an Additional Director by the Board of Directors of the Company and in respect of whom the Company has received a Notice in writing from a Member proposing his

candidature for the office of Director and signifying his intention to move the following Resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. M. Tabata be and is hereby appointed as a Director of the Company."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, any modifications or re-enactment thereof the Company hereby accords its approval to the re-appointment of Mr. H. Masuda as Whole-time Director designated as Director (Technical) and to the payment of remuneration and perquisites and giving of benefits and amenities as set out hereinafter for a period from 5th February, 1997 to 26th June, 1997.

**REMUNERATION :**

A Salary of Rs.11,000 /- per month.

**PERQUISITES :**

In addition to the Salary, the Director (Technical) shall be entitled to the following perquisites. Unless the context otherwise requires, perquisites are classified into three categories "A", "B" and "C" as follows :

**CATEGORY "A"**

- (i) Housing I :

The expenditure incurred by the Company on hiring furnished accommodation for the Director (Technical).

**Housing II :**

In case the accommodation is owned by the Company, ten per cent of the salary of the Director (Technical) shall be deducted by the Company.

**Housing III :**

In case no accommodation is provided by the Company, the Director (Technical) shall be entitled to house rent allowance subject to the ceiling of 50% of the salary.

**Explanation :**

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall be allowed at actual.

## 13TH ANNUAL REPORT 1996-97

## (ii) Medical Reimbursement :

Medical expenses incurred for the Director (Technical) and his family shall be allowed at actual.

## (iii) Leave Travel Concession :

For the Director (Technical) and his family once in a year incurred in accordance with any rules specified by the Company.

## (iv) Club Fees :

Fees of clubs subject to a maximum of two clubs.

## (v) Personal Accident Insurance :

Premium not to exceed Rs. 10,000/- per annum.

In addition to the perquisites at (i), (ii), (iii), (iv) and (v) above, the Director (Technical) shall also be eligible to the following perquisites :

- a) Reimbursement of expenses incurred on returning to home country after completion of tenure :

Actual expenses incurred on travel and on packing, forwarding, loading or unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family while returning to Japan after completion of the tenure if the Director (Technical) is finally leaving the employment of the Company.

## b) Leave Travel Concession :

In case it is proposed that the leave be spent in Japan instead of anywhere in India, return passage may be allowed for self and family in accordance with the rules specified by the Company.

## Explanation :

For the purpose of Category "A", "family" means the spouse, the dependent children and dependent parents of the Director (Technical).

## CATEGORY "B"

1. Contribution to provident fund and superannuation fund as per rules of the Company.
2. Gratuity payable shall not exceed half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure will not be allowed.

## CATEGORY "C"

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

## COMMISSION :

The Director (Technical) shall be paid a commission of one per cent of the net profits of the Company computed in the manner laid down in Section 309 of the Companies Act, 1956 subject to a maximum of 50% of the annual salary.

RESOLVED FURTHER THAT the remuneration aforesaid including perquisites, benefits and amenities shall nevertheless be paid and allowed to the Director (Technical) as a minimum remuneration in any year in the event of absence or inadequacy of profits for that year."

10. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act"), any modifications or re-enactment thereof and subject to such approvals, consents and sanctions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. M. Tabata as Whole-time Director to be designated as Factory Director of the Company and to the payment of remuneration and perquisites and giving of benefits and amenities as set out hereinafter for a period of five years with effect from 1st July, 1997 to 30th June, 2002 and further the Board of Directors of the Company be and are hereby empowered to accept any variations, conditions and modifications in the said terms as may be necessary and/or as may be prescribed while granting such approvals, consents and sanctions and agreed to by the said Factory Director.

## REMUNERATION :

The Factory Director shall be paid Salary of Rs.11,000 /- per month.

## PERQUISITES :

In addition to the Salary, the Factory Director shall be entitled to the following perquisites. Unless the context otherwise requires, perquisites are classified into three categories "A", "B" and "C" as follows :

**KINETIC HONDA MOTOR LTD.****CATEGORY "A"****(i) Housing I :**

The expenditure incurred by the Company on hiring furnished accommodation for the Factory Director.

**Housing II :**

In case the accommodation is owned by the Company, ten percent of the salary of the Factory Director shall be recovered by the Company.

**Housing III :**

In case no accommodation is provided by the Company, the Factory Director shall be entitled to house rent allowance subject to the ceiling of 50% of the salary.

**Explanation :**

The expenditure incurred by the Company on gas, electricity, water, furnishings and provision of Cook, Sweeper, Watchmen and Gardner shall be valued as per the Income Tax Rules, 1962 and shall be allowed at actual.

**(ii) Medical Reimbursement :**

Medical expenses incurred for the Factory Director and his family shall be allowed at actual.

**(iii) Leave Travel Concession :**

For the Factory Director and his family once in a year incurred in accordance with any rules specified by the Company.

**(iv) Club Fees :**

Fees of clubs subject to a maximum of two clubs.

**(v) Personal Accident Insurance :**

Premium not to exceed Rs. 10,000/- per annum.

In addition to the perquisites at (i), (ii), (iii), (iv) and (v) above, the Factory Director shall also be eligible to the following perquisites :

**a) Reimbursement of expenses incurred on joining duties and returning to home country after completion of tenure :**

Actual expenses incurred on travel and on packing, forwarding, loading or unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the

moving of personal effects for self and family for joining duty in India and also while returning to Japan after completion of the tenure if the Factory Director is finally leaving the employment of the Company.

**b) Leave Travel Concession :**

In case it is proposed that the leave be spent in Japan instead of anywhere in India, return passage may be allowed for self and family in accordance with the rules specified by the Company.

**Explanation :**

For the purpose of Category "A", "family" means the spouse, the dependent children and dependent parents of the Factory Director.

**CATEGORY "B"**

1. Contribution to provident fund and superannuation fund as per rules of the Company.

2. Encashment of leave at the end of the tenure will not be allowed.

**CATEGORY "C"**

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

**COMMISSION:**

The Factory Director shall be paid a commission of one per cent of the net profits of the Company computed in the manner laid down in Section 309 of the Act subject to a maximum of 50% of the annual salary.

**RESOLVED FURTHER THAT** the remuneration aforesaid including perquisites, benefits and amenities shall nevertheless be paid and allowed to the Factory Director as a minimum remuneration in any year in the event of absence or inadequacy of profits for that year."

11. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money from time to time notwithstanding that the money or moneys to be borrowed together with

## 13TH ANNUAL REPORT 1996-97

the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the total amount so borrowed by the Board and outstanding at any one time shall not exceed Rs. 3,00,00,00,000 (Rupees Three Hundred Crores only) ".

12. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

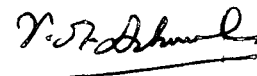
"RESOLVED THAT pursuant to provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be necessary and subject to such conditions and modifications as may be prescribed, required or directed in granting any such approvals or consents and which the Board of Directors of the Company be and is hereby authorised to accept, consent of the Company be and is hereby accorded to the Board of Directors for mortgaging and / or charging of all moveable and immoveable properties of the Company wheresoever situated, present and future, and the whole of the undertaking of the Company, in favour of the Banks, Financial Institutions or other lenders in such form and manner and on such basis, terms and conditions as the Board of Directors may determine from time to time for the purpose of securing any borrowing of a sum not exceeding Rs. 3,00,00,00,000 ( Rupees Three hundred Crores only) outstanding at any one time as loans / other financial assistance from Banks, Financial Institutions or other lenders together with the interest at the agreed rates, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, cost, charges, expenses and all other monies including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange of foreign currencies involved payable by the Company to the said Banks, Financial Institutions and other lenders in terms of their respective Loan Agreements / Heads of Agreement / Letters of Sanction / Subscription Agreements / Memorandum of Terms and conditions etc. entered into by the Company as amended from time to time in respect of the said loans / other financial assistance.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Lenders such documents for creating the aforesaid mortgage and / or charge and to do all such acts and things as may be necessary for giving effect to the above Resolution."

## NOTES :

1. 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 A PROXY NEED NOT BE A MEMBER.
2. The Explanatory Statement setting out the material facts concerning the Special Business mentioned in item Nos. 6 to 12 of the Notice as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Monday, 1st September, 1997 to Friday, 26th September, 1997 (both days inclusive) for ascertaining the entitlement to dividend.
4. Dividend, if declared, will be paid on or before 6th November, 1997 to those members whose names will appear in the Register of Members of the Company on 26th September, 1997.
5. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Sr. General Manager (Finance) at the Head Office address of the Company so as to reach at least 10 days before the date of the meeting so that the information required may be made available at the meeting.
6. Members are requested to advise the Company immediately of any change in their address/ residential status / Dividend Mandate / Bank Account particulars to be mentioned on the Dividend Warrants.
7. Members are advised to consolidate their ledger folios where they are holding shares in different ledger folios in the same sequence of name(s).
8. The Non-Resident Indian Shareholders of the Company are requested to furnish their NRE / NRO Account Numbers in India with the name and address of the Bank in order to facilitate prompt credit of the Dividend amount.

By Order of the Board of Directors  
For KINETIC HONDA MOTOR LIMITED



V. M. ACHWAL  
Company Secretary

Pune  
28th June, 1997



**KINETIC HONDA MOTOR LTD.****EXPLANATORY STATEMENT  
PURSUANT TO SECTION 173  
OF THE COMPANIES ACT, 1956****Item Nos. 6, 7 & 8**

Honda Motor Company Limited (HONDA) has nominated Mr. M. Nagata and Mr. M. Tabata on the Board of Directors of the Company. Kinetic Engineering Limited (KEL) has nominated Mrs. Sulajja Firodia Motwani on the Board of Directors of the Company.

The Board of Directors of the Company in its meeting held on 26th September, 1996 has accordingly appointed Mr. M. Nagata and Mrs. Sulajja Firodia Motwani as Additional Directors of the Company. Mr. M. Tabata was appointed as Additional Director in meeting of the Board of Directors of the Company held on 28th June, 1997. The said Additional Directors hold the Office of Directors up to the date of ensuing Annual General Meeting. The Company has received Notices from Members under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. M. Nagata, Mrs. Sulajja Firodia Motwani and Mr. M. Tabata for the office of Director.

Mr. M. Nagata is General Manager of the Motor cycle Sales Division of HONDA. He has been associated with HONDA for last 24 years.

Mrs. Sulajja Firodia Motwani is Joint Managing Director of KEL.

Mr. M. Tabata has been associated with HONDA for last 34 years.

It is in the interest of the Company to continue to avail of the services of Mr. M. Nagata, Mrs. Sulajja Firodia Motwani and Mr. M. Tabata as Directors of the Company.

None of the Directors except Mr. M. Nagata is interested in the Resolution mentioned at Item No. 6 of the Notice.

None of the Directors other than Mrs. Sulajja Firodia Motwani and Mr. A. H. Firodia who are related with each other is interested in the Resolution mentioned at Item No. 7 of the Notice.

None of the Directors except Mr. M. Tabata is interested in Resolution mentioned at Item No. 8 of the Notice.

**Item No. 9**

The tenure of Mr. H. Masuda as Whole-time Director (Technical) of the Company completed on 4th February, 1997. The Board of Directors of the Company re-appointed Mr. H. Masuda as Director (Technical) for a further period of one year effective from 5th February, 1997 on the salary and perquisites as set out at item No.9 of the Notice subject to the approval of the Shareholders of the Company as per the provisions of Part III of Schedule XIII to the Companies Act, 1956. Mr. Masuda has since resigned from the Directorship of the Company w.e.f. the close of office hours on 26th June, 1997. The appointment and remuneration of Mr. H. Masuda as set out at Item No. 9 of the Notice is in accordance with and within the limits of the remuneration stipulated in Schedule XIII to the Companies Act, 1956. As per the provisions of Part III of the said Schedule XIII, the appointment and remuneration of the Director (Technical) is subject to approval by a resolution of the Shareholders in General Meeting and hence this Resolution.

Mr. H. Masuda is interested in the Resolution as it relates to his re-appointment and payment of remuneration.

None of other Directors is interested in the said Resolution.

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



**13TH ANNUAL REPORT 1996-97****Item No. 10**

The Board of Directors of the Company appointed Mr. M. Tabata as Whole-time Director to be designated as Factory Director of the Company for a period of five years with effect from 1st July, 1997 subject to the approval of the Shareholders of the Company and the Central Government.

During his long association with HONDA, Mr. M. Tabata has worked in various Departments of HONDA. His last assignment was as Chief Engineer in Overseas Planning Department of Kumamoto Plant of HONDA.

The Board of Directors of the Company consider that it is in the interest of the Company to avail of the services of Mr. M. Tabata as Factory Director and recommend for the approval of the members the payment of remuneration, perquisites, benefits and amenities to Mr. M. Tabata as set out in the Resolution mentioned at Item No.10 of the Notice.

None of the Directors of the Company except Mr. M. Tabata is interested in the said Resolution.

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

**Item Nos. 11 & 12**

Pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company shall not, except with the consent of the Company in the General Meeting, borrow moneys (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves of the Company. According to Explanation I of the Section, every resolution passed in the General

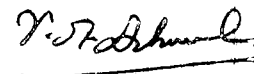
Meeting of the Company in relation to the exercise of the above borrowing power shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

At the Extraordinary General Meeting held on 3rd April, 1985, the members of the Company had authorised the Board of Directors to borrow moneys not exceeding Rupees Fifty Crores. Taking into account the requirement of additional finance for working capital and future expansion programmes, it is proposed to obtain consent of the members to increase the limit to Rupees Three Hundred Crores. Hence, the Resolution as set out in Item No. 11 of the Notice.

In order to secure the aforesaid borrowing from Banks, Financial Institutions and other Lenders, the Company may have to create mortgage and / or charge over its immoveable / moveable properties, present and future, with a right to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company in certain events. It would be necessary to pass an Ordinary Resolution in terms of the provisions of Section 293(1)(a) of the Companies Act, 1956, as giving of such right to the Lenders would be tantamount to disposal of the undertaking as contemplated under the said Section of the Companies Act, 1956. Hence, the Resolution as set out in Item No. 12 of the Notice.

None of the Directors of the Company is interested in the said Resolutions.

By Order of the Board of Directors  
For **KINETIC HONDA MOTOR LIMITED**



**V. M. ACHWAL**  
Company Secretary

Pune  
28th June, 1997

**KINETIC HONDA MOTOR LTD.****DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 1997.

**FINANCIAL RESULTS**

	1996-97	1995-96
	(Rs. in lakhs)	
Sales and Other Income	33310	31677
Operating Profit (PBITD)	1159	1138
Interest and Financial charges	400	129
Depreciation	344	255
Profit before Taxation	415	754
Provision for Taxation	185	245
Profit after Tax	230	509
Add : Balance in Profit & Loss A/c	365	306
Surplus available for Appropriation	<u>595</u>	<u>815</u>
<b>Appropriations :</b>		
General Reserve	100	300
Proposed Dividend	150	150
Tax on Proposed Dividend	15	--
Balance carried to Balance Sheet	<u>330</u>	<u>365</u>
	<u>595</u>	<u>815</u>

During the year under review the scooter market witnessed a drop in sales growth rate as compared to the previous year. Slow-down in the offtake of scooters was more felt in the second half of the year. Your Company's Sales during the year under review were Rs. 329 crores as against Rs. 311 crores in the previous

year. Difficult market conditions coupled with incidence of steep rise in Interest & Financial Charges and higher provision for Depreciation due to investment for development of new Scooter Model affected the profitability of the Company.

**DIVIDEND**

Your Directors recommend Dividend of Re. 1/- per share for the year ended 31st March, 1997.

**EXPORTS**

Export turnover of the Company during the year under review was Rs. 23.49 crores. Kinetic Honda scooters were exported to various countries including Argentina, Colombia, Cyprus, Peru, Turkey and Venezuela. Your Directors are pleased to report that Engineering Export Promotion Council has selected your Company for Regional Certificate of Export Excellence for the year 1995-96 in the Panel, Two Wheelers and Three Wheelers - complete in NON-SSI Sector.

**RESEARCH & DEVELOPMENT**

The R & D activities have contributed in assuring better performance, comfort, durability and reliability of our Scooter. With joint efforts of technicians of Honda Motor Company Limited (HONDA) and R & D Department of your Company, development work on New Scooter Model - MARVEL has been completed. Apart from the aesthetic look, MARVEL offers several new features; to name a few are quick acceleration, extensive storage facility, brighter headlight, sturdy front suspension equipped with an anti-dive mechanism for excellent road-holding etc.