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# KINETIC HONDA

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14th Annual Report  
1997-98

KINETIC HONDA MOTOR LIMITED



**KINETIC HONDA MOTOR LTD.**

**Board of Directors**

**Mr. A. H. Firodia, *Chairman***  
**Air Chief Marshal H. Moolgavkar (Retd.)**  
**Mr. R. D. Sathe**  
**Mrs. Sulajja Firodia Motwani**  
**Mr. M. Nagata**  
**Mr. M. Tabata, *Factory Director***  
**Mr. T. Osumi, *Director (Service)***  
**Mr. T. Wasaki, *Director (Production)***  
**Mr. M. Nishio, *Director (Finance)***  
**Mr. H. Tanaka, *Managing Director***

**Vice President (Finance)** **Mr. P. C. Jain**

**Company Secretary** **Mr. V. M. Achwal**

**Auditors** **M/s. A. F. Ferguson & Co.**  
*Chartered Accountants*  
**Mumbai**

**Cost Auditors** **M/s. Dhananjay V. Joshi & Co.**  
*Cost Accountants*  
**Pune**

**Bankers** **Canara Bank**  
**Citibank N. A.**  
**The Bank of Tokyo - Mitsubishi Ltd.**  
**State Bank of Indore**

**Exchange Listed** **Mumbai**  
**Pune**  
**Indore**

**Registered Office** **Plot No. 2, Industrial Area No. 1,**  
**Pithampur, Dist. Dhar (M.P.) 454 775**

**Head Office** **Neeta Towers, Dapodi, Pune 411 012**

**Works** **Pithampur, Dist. Dhar (M.P.) 454 775**  
**Delhi Road, Meerut (U.P.) 250 002**

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

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Kinetic Honda Motor Limited will be held on Thursday, 24th September, 1998 at 10 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, 1998 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 Mr. T. Osumi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. T. Wasaki, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. M. Nishio, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

**NOTES :**

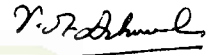
1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 1st September, 1998 to Thursday, 24th September, 1998 (both days inclusive) for ascertaining the entitlement to dividend.
3. Dividend, if declared, will be paid on or before 3rd November, 1998 to those members whose names will appear in the Register of Members of the Company on 24th September, 1998.
4. Those Members who have not so far encashed their Dividend Warrants for the Accounting Years ended 31st March, 1995, 31st March, 1996 and 31st March, 1997 may immediately approach the Company for revalidation of unclaimed Dividend Warrants. The Company will transfer unclaimed dividend for the year ended 31st March, 1995 to the General Revenue Account of the Central Government in the month of November, 1998. Any claim for payment of the unclaimed dividend after the aforesaid transfer should be made by an application in the

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prescribed form to The Registrar of Companies, Madhya Pradesh, Chamber Bhavan, Dharma Mandir Marg, Gwalior 474 009 (M.P.).

5. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Vice President (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 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**



Pune  
30th May, 1998

**V. M. ACHWAL**  
Company Secretary

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

To  
The Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 1998.

**FINANCIAL RESULTS**

	1997-98	1996-97
	(Rs. in lakhs)	
Sales and Other Income	35820	33310
Operating Profit (PBIDT)	1546	1159
Interest and Financial charges	782	400
Depreciation	522	344
Profit before Taxation	242	415
Provision for Taxation	25	185
Profit after Tax	217	230
Add : Balance in Profit & Loss A/c	330	365
Surplus available for Appropriation	547	595
<b>Appropriations :</b>		
General Reserve	50	100
Proposed Dividend	150	150
Tax on Proposed Dividend	15	15
Balance carried to Balance Sheet	332	330
	547	595

The year 1997-98 was a difficult year for scooter market. The scooter segment registered a negative sales growth rate compared to the previous year. The share of scooter sales in the total Two-Wheeler sales also declined compared to the previous year. Your Company has posted a 5 per cent growth in sales at 1,13,762 scooters sold during the year 1997-98 compared to the sale of 1,08,488 scooters in the previous year. During the year under review, your Company achieved a turnover of Rs.354 crores as against Rs.329 crores in the previous year. Despite reduction in procurement cost of components, the profit margin was under pressure mainly on account of steep rise in Interest and financial charges, higher provision for Depreciation and substantial increase in Advertisement and Sales Promotion expenses incurred in connection with marketing of the new scooter Model 'MARVEL' which was launched during the year under review in domestic as well as international market.

**DIVIDEND**

Your Directors recommend dividend of Re.1/- per share for the year ended 31st March, 1998.

**EXPORTS**

During the year under review the Company achieved export turnover of Rs. 28.23 crores as against Rs.23.49 crores in the previous year. Company's

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scooters were exported to various countries of Latin America, Middle East, Africa etc. Your Directors are pleased to report that Engineering Export Promotion Council has selected your Company for the National level Certificate of Export Excellence for the year 1996-97 in the Panel "Two-Wheelers and Three-Wheelers - Complete, in NON-SSI Section. This is the Sixth time your Company has received such recognition at Regional / National level.

**RESEARCH & DEVELOPMENT**

Efforts were continued for upgrading quality of the existing DX and ZX scooter Models. Sophisticated Testing equipment was added for in-house testing of braking efficiency and vibration level of components. This has helped to ensure safety of the vehicle and provide better comfort to our customers.

The expenditure incurred by the Company on Research & Development during the year under review was Rs.19 lakhs on Capital Account and Rs.49 lakhs on Revenue Account. The total expenditure of Rs.68 lakhs represents 0.19% of the Company's turnover.

**TECHNOLOGY ABSORPTION**

Efforts were made to indigenise the CKD imported parts resulting saving in cost of the scooter. The technology acquired from Honda Motor Company Limited, Japan

(HONDA) for development of the new Model 'MARVEL' is being absorbed in a planned manner after modifying it to suit the needs of the domestic as well as international customers.

**CONSERVATION OF ENERGY**

The overhead light fittings (400 watt) in the Factory building comprising Paint Shop, Weld Shop and Press Shop have been replaced by energy efficient 250 watt fittings. This has resulted in reduction of power consumption and saving in energy cost.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on foreign exchange earnings and outgo is contained in Schedule 12, Notes to the Accounts (Point Nos.11, 12, 13 and 15).

**PARTICULARS OF 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 Annual Accounts are being sent to the Shareholders of the Company, excluding the Statement of particulars of employees.

**KINETIC HONDA MOTOR LTD.**

Any shareholder interested in obtaining a copy of the said Statement may write to the Company Secretary of the Company.

**DIRECTORS**

Mr T. Osumi, Mr T. Wasaki and Mr. M. Nishio, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

**AUDITORS**

You are requested to appoint Auditors for the current year and fix their remuneration.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposit during the year under review.

**ACKNOWLEDGEMENT**

The Directors wish to thank the Central Government, Government of Madhya Pradesh, Banks and HONDA for their valuable help and co-operation. The Directors also wish to thank the Shareholders, Customers, Dealers and Vendors for their continued support and place on record their appreciation of the services rendered by the employees of the Company.

For and on behalf of the  
Board of Directors



**A. H. FIRODIA**  
Chairman

Pune  
30th May, 1998



**14TH ANNUAL REPORT 1997-98****AUDITORS' REPORT TO THE MEMBERS OF KINETIC HONDA MOTOR LIMITED**

We have audited the attached Balance Sheet of Kinetic Honda Motor Limited, as at 31st March, 1998 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to in paragraph 1 above :

(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 and Profit and Loss Account dealt with by this report are in agreement with such books of account ;

(d) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view ;

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998, and

(ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

**For A.F. FERGUSON & CO.**  
Chartered Accountants

**M. S. DHARMADHIKARI**  
Partner

Mumbai, 1st June, 1998